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Delors sets new style at European Commission, Page 2

World news

Egyptians cautious on Israeli talks plan

Israeli Minister without portfolio Ezer Weizman was "very, very positive" about the possibility of an Egyptian summit with Israeli Prime Minister Shimon Peres, after two hours of talks with President Hosni Mubarak in Cairo.

Egyptian officials, however, said a number of conditions would have to be met before a meeting between the two leaders, including Israel's withdrawal from Lebanon, progress in settling the dispute over territory in the Sinai, and indications that the Israelis are serious about resolving the West Bank issue.

Weizman, whose presence in Egypt divided Israel's fragile coalition Government, agreed that "a lot of work has to be done." **Page 4**

Bhopal relief urged

Union Carbide should pay interim relief to victims of the Bhopal gas leak disaster as a matter of "fundamental human decency," a judge said in New York. **Earlier report, Page 5**

Soviets ambushed

Soviet troops, launching one of their biggest offensives in Afghanistan for more than a year, were ambushed by Mujaheddin guerrillas who inflicted severe casualties, according to Western diplomats. **Page 4**

Nakasone ruling

Japanese Prime Minister Yasuhiro Nakasone rejected a proposal by some ruling Liberal Democratic Party leaders that Japan borrow money to stimulate trade and increase imports to solve its trade imbalance.

China's open door

China's Communist Party leader Hu Yaobang, in his first important speech outside the Communist world, told the Australian Government that Peking's open-door policy was unstoppable and nothing would shake China's modernisation programme.

Reagan visit

President Reagan is to visit the site of a concentration camp to mark the 40th anniversary of the Nazi surrender, during next month's state visit to West Germany. He also plans to go ahead with a wreath-laying ceremony at a cemetery where SS troops are buried.

Banda in UK

Malawi President Kamuzu Banda, who led his country to independence from Britain in 1964, was described by Queen Elizabeth II at a banquet to mark his state visit to the UK as "a man of vision and determination."

Swedish strike threat

Swedish civil servants plan to disrupt air traffic, schools, telecommunications and other services from May 2 unless demands for a 3.1 per cent pay rise are met. **Page 2**

Indian army on alert

The Indian army was put on alert in the western state of Gujarat as violence increased between supporters and opponents of the Government's policy of reserving jobs and seats in educational institutions for the less privileged classes.

Ceausescu visit

Romanian President Nicolae Ceausescu, on a four-day state visit to Canada, said all Nato and Warsaw Pact countries should contribute to the U.S.-Soviet Union arms-control talks.

Elephant trouble

Indonesia is to use 20 Thai mystic tamers and 10 trained elephants to control herds of wild elephants terrorising remote Sumatran jungle settlements.

Business summary

Spain to boost industrial investment

SPAIN'S Government announced tax and other measures designed to boost household spending and industrial investment, including liberalisation of foreign investment and incentives for youth employment. *Page 2*

DOLLAR was on the whole firmer in London, rising to DM 3.03 (DM 3.025), SwFr 2.5295 (SwFr 2.5255) and FFr 9.2475 (FFr 9.23). It was slightly weaker at Y249.5 (Y249.9). On Bank of England figures, the dollar's exchange-rate index was unchanged at 144.0. In New York it closed at DM 3.01; SwFr 2.5095, Y249.0 and FFr 9.185. **Page 41**

STERLING showed small mixed changes in London, closing unchanged at $1.275 and DM 3.8575. It was weaker at SwFr 3.215 (SwFr 3.22) and Y318 (Y319) and slightly firmer at FFr 11.7825 (FFr 11.78). The pound's exchange-rate index fell to 79.1 from 79.3. In New York it closed at $1.2855. **Page 41**

TOKYO stocks slid on a wide front and the Nikkei-Dow market average recorded its largest one-day fall, dropping 345.45 to 12,207.28. **Section III**

LONDON prices moved slightly higher and gilts posted small gains. The FT Ordinary index closed 2.5 higher at 979.5. **Section III**

WALL STREET: The Dow Jones industrial average closed 2.77 up at 1,269.55. **Section III**

GOLD fell $6.75 an ounce on the London bullion market to close at $326.25. It was also lower in Zurich at $329.00. In New York, the Comex June settlement was $330.80. **Page 40**

SOVIET industrial production growth rate continued to fall in March, but *Pravda* said calculations on a daily basis showed output up 2.7 per cent on March 1984.

BRITISH Government published details of Finance Bill, which implements decisions in its March budget. **Analysis, Page 14; Lex, Page 20**

U.S. HOUSE of Representatives passed legislation to curb certain high-technology exports in case they fall into Communist hands.

SWITZERLAND'S big banks are to cut their time-deposit rates from 5 per cent to 4.75 per cent from today.

TESCO, British supermarkets group, launched £145m ($184m) rights issue to finance future spending on superstores and estimated pre-tax profits of £81m and sales of more than £3bn in the year to February 28. **News analysis, Page 28; Lex, Page 20**

COLLINS SECURITIES, a small government bond dealer in Little Rock, Arkansas, closed its doors in the wake of the Chapter 11 bankruptcy filing by Bevill, Bresler and Schulman Asset Management. **Page 21**

CROCKER NATIONAL, the troubled Californian Bank that is 57 per cent owned by Midland Bank of the UK, reported first-quarter net profit of $9m after a $121m loss in the same 1984 period. **Citicorp and Security Pacific advance, Page 29.**

NUOVO BANCO AMBROSIANO, Italian successor bank to the failed Banco Ambrosiano, will seek government permission to merge with its subsidiary, La Centrale. **Page 23**

MANNESMANN, West German pipe and engineering group, said it was considering acquiring a substantial, perhaps majority, stake in aerospace concern Dornier. **Page 23**

PHB WESERHÜTTE, West German materials handling group, is attempting to boost operations in the U.S. with a proposal to acquire some activities from Litton Systems. **Page 23**

AKER, Norwegian offshore oil rig fabricator, contractor and engineering consultant, increased profits before extraordinary items from NKr 37m to NKr 93m ($10.6m) during 1984.

Talks to consider greater IMF role on exchange rates

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN WASHINGTON

A FOUR-POINT plan to help to stabilise exchange rates by strengthening the authority of the International Monetary Fund (IMF) over member countries' policies will be considered by the world's financial leaders in Washington today.

The ideas, which will be discussed in private rather than on the formal agenda of the IMF's Interim Committee meeting, might form the agenda for a special world monetary conference suggested by Mr James Baker, the U.S. Treasury Secretary, in Paris last week.

Some officials here believe the plan might include the first tentative steps towards setting up agreed (but informal) target zones for exchange rates of the leading currencies.

Although the U.S. has opposed the idea of official intervention to defend particular exchange rates, some senior officials believe Mr Baker's remarks might be the beginning of a significant shift in U.S. attitudes.

The formal sessions of the IMF's Interim Committee and the parallel Development Committee for World Bank issues will be mainly concerned with the outlook for the World Bank issues will be mainly concerned with the outlook for the world economy, world debt and the future role of the Bank in relation to debtor countries.

However, at the private meeting for the chief industrial powers, the so-called Group of Ten, ministers will discuss the new proposals for monetary co-operation as well as their strategy for dealing with further declines in the dollar and a slowing down in the U.S. economy.

The four main proposals for cementing co-operation under the "surveillance" of the IMF are:

- Increased international publicity for the IMF's reports on the economic performance of its member countries. Those reports, under Article 4 of the IMF's constitution, have been highly secret and often, it is said, sharply critical. In some cases they are not even shown by officials to senior ministers. Some countries believe wider circulation of the reports with perhaps publication of some conclusions might be influential, even on U.S. policymakers.
- Increased discussions at a higher political level between the IMF and individual governments facing economic difficulties, with the aim of increasing the leverage of the IMF. mance indicators for all countries, including the richest, in a less strict form of the scrutiny applied to countries subject to IMF rescue operations. At present the IMF notifies member governments if any country's exchange rate has moved by more than 10 per cent in real terms since the last general discussions of a country's policies. Such an "alarm" system could be extended to cover expansion of domestic credit, monetary growth, price changes and other key indicators.
- A procedure of special "consultations" between governments and the IMF if those indicators suggested the country's policy was off target.

The proposals appear to have gained a measure of agreement in discussions during the last year at official level but many of the details remain to be talked through by ministers.

Some European countries see the idea as a way of stepping up the pressure on the U.S. to reduce its huge federal budget and trade deficits, which they fear are threatening to destabilise the world economy.

In the longer term, however, some officials believe agreement on the proposals might be a significant step towards a more active international policy towards exchange-rate stabilisation under the general auspices of the IMF.

For the time being, however, papers by Group of Ten officials appear to have ruled out the possibility of setting explicit target zones for the main exchange rates.

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Reagan's men send signals of change, Page 5

Wheeling-Pittsburgh files for bankruptcy protection

BY TERRY DODSWORTH AND PAUL TAYLOR IN NEW YORK

WHEELING-PITTSBURGH, the seventh largest U.S. steelmaker, yesterday filed for protection under Chapter 11 of the U.S. bankruptcy code in one of the nation's biggest recent industrial setbacks.

The steelmaker's bankruptcy filing, which will give it protection from its creditors while it tries to work out a reorganisation plan, comes after months of negotiations between the company, its bank creditors and the United Steelworkers union.

Wheeling-Pittsburgh has long been considered one of the most vulnerable of the U.S. steel groups in a deeply troubled sector of the economy.

The U.S. steel industry has been unable to reverse its decline in the face of severe import competition, which has caused sharp price cuts, while domestic manufacturers have lost market share. Only this year the U.S. Government finally brought in measures to limit Japanese steel imports to around 18.5 per cent of the U.S. market.

Wheeling-Pittsburgh said yesterday it could "assure all parties" that it would continue to do business and survive after the Chapter 11 filing. The company believes that it would "emerge from the reorganisation as a financially sounder, cost-effective producer of steel products, capable of competing in the domestic marketplace."

Before the filing, Wheeling-Pittsburgh had completed an aggressive modernisation programme, negotiated a technology deal with Nisshin Steel of Japan under which the Japanese steelmaker gained a 10 per cent stake and sought extensive wage concessions from its unions.

The failure of those union discussions appears to have been the immediate cause of the decision to seek Chapter 11 protection. The company had worked out a package deal with its 8,200 steelworkers that would have involved new financing arrangements with its lenders in return for substantial wage cuts by the workers.

Yesterday, however, in a bitter attack, Wheeling-Pittsburgh accused the United Steelworkers of "forcing the Chapter 11 filing."

"It is inconceivable to management that the USW and their investment banker have forced the Chapter 11 filing by withdrawing their concession offer because they did not agree with the terms of the bank agreement reached between management and the banks."

Wheeling-Pittsburgh has around $514m in outstanding long-term debt, which it has been trying to reschedule. At the end of 1983 the group had $285m in shareholders' equity and it is expected to take further write-offs for 1984, the results of which have been delayed during the recent negotiations.

Total losses over the past three years amount to about $166m.

Analysts said they expected Wheeling-Pittsburgh to use the opportunity presented by the Chapter 11 filing to push through the concessions it and its bankers have been seeking. That procedure was successfully used by Continental Airlines under Chapter 11 protection at the end of 1983.

Unocal defends itself with debt

BY TERRY DODSWORTH IN NEW YORK

UNOCAL, the California-based oil and gas company under siege by Mr T. Boone Pickens, hit back yesterday with a defence designed to overload the company with debt if it is acquired.

Shares in the company fell by $⅝ to $48⅝ in hectic trading that saw 2.6m shares change hands on the New York Stock Exchange in the hour after the announcement.

The Unocal defence is a variation of tactics, used frequently in recent takeover battles, designed to make a target less attractive to a bidder by increasing its indebtedness.

In the Unocal case, however, the company says it will only go ahead and increase its debt if Mr Pickens's Mesa Partners company completes its partial bid. If Mr Pickens's bid is terminated, Unocal will also have the right to cancel its offer.

That strategy, the Unocal board said yesterday, is intended to make it more difficult for the Mesa offer to be completed. Unocal, which has made no secret of its fierce opposition to Mr Pickens, described his bid as "grossly inadequate."

Under the terms of the Unocal defence, the company is offering to buy 17.2m shares, or 49 per cent of the equity, for debt securities valued at a total of $72 a share. That compares with Mr Pickens's offer of $52 a share in cash for 51 per cent of the equity, for a total value of $3.46bn.

The debt being offered by Unocal in exchange for each of its shares comes in three categories – 14 per cent notes valued at $20, floating-rate notes at $32, and secured extendible notes at $20.

Unocal says its exchange of shares for debt will be conditional on the purchase by Mr Picken's companies, Mesa Partners 11 and Mesa Eastern, "of all the Unocal shares they are offering to purchase in their cash tender offer." In effect that would mean that if Mr Pickens successfully completed his bid for half the company, he would have to cope with a high level of indebtedness.

Buoyant homes data balance flat U.S. production

By Stewart Fleming in Washington

THE FIRST of a batch of anxiously awaited U.S. economic statistics due this week were released yesterday and showed that housing starts were buoyant last month but industrial production remained essentially flat.

The financial markets reacted cautiously to the new indicators, which were not expected to provide a particularly clear guide to the present state of the economy. Wall Street is now focusing on the figures for personal income and consumption, due to be released today, and the Commerce Department's preliminary estimate for real Gross National Product in the first quarter, due out tomorrow.

Yesterday's report from the Federal Reserve that industrial production rose a weaker-than-expected 0.3 per cent in March was balanced by a change in the decline in output reported in February from a fall of 0.5 per cent to a revised decline of 0.2 per cent. The overall industrial production index peaked last August at 166.0 and is now stuck at 165.4, the Fed said (1967 = 100).

Housing starts last month surged by 16 per cent to an annual rate of 1.89m units, the biggest monthly increase for two years, with the 54 per cent rise in the number of buildings with five housing units or more in them accounting for most of the increase. Single-family house building remained effectively unchanged.

The seasonally adjusted data also showed an 11 per cent rise in new house-building permits issued, a figure that points towards continued strength in house construction.

Yesterday's data will tend to confirm expectations that real growth in the economy in the first quarter will turn out to be in the 2–3 per cent range, close to the 2.1 per cent annual rate predicted in the Commerce Department's "flash" estimate of GNP released last month.

The personal income and consumer spending data due today will be a focus of special attention, however, because of the divisions on Wall Street between those who fear that the U.S. economy is poised for a severe slowdown and those who see continued moderate, but satisfactory, growth.

The report last week that retail sales slumped 1.9 per cent last month has aroused fears that consumer spending, which accounts for some two thirds of U.S. economic activity, is beginning to fade. Today's data will be watched to see

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France paves way for China telecom deal

BY DAVID HOUSEGO IN PARIS

FRANCE yesterday agreed to provide China with FFr 1.75bn ($190m) of mixed credits in the hope of winning big orders to re-equip China's telecommunications system.

A separate financial protocol, also signed yesterday in Peking, might provide the framework for FFr 4.35bn ($470m) of telephone and telecommunications contracts that still have to be negotiated.

The two arrangements were concluded during a visit to the Chinese capital by Mme Edith Cresson, the French Industry and Foreign Trade Minister.

The French are hoping to win big export orders for CGE, the electronics and telecommunications group, which has already established a presence in this fast-growing market.

The agreement to provide mixed credit is likely to provoke further complaints from France's main competitors, expecially the U.S. Mixed credits are a form of concessionary finance, in which aid money is wrapped up with commercial lending to win foreign deals.

The protocol would provide financing for potential contracts with CGE under which the Chinese could buy 500,000 telephone lines to be established in the Peking region, a factory to produce telephone exchanges, and a research centre in telecommunications.

CGE, through its CIT-Alcatel subsidiary, signed a quite separate FFr 463m contract with the Chinese in February, to provide digital telephone exchanges for Peking.

The new protocol marks a continuing increase in France's trade with China.

Earlier this year, China bought FFr 2bn of locomotives from Alsthom-Atlantique; FFr 400m of gas turbines from the same group and a contract with Peugeot to produce model 504 estate cars. Framatome expects to provide two nuclear reactors for a power station in Guangdong province.

The Chinese Civil Aviation Administration (CAAC) has ordered three European Airbus A-310s, with an option for two more, in a deal worth about $150m. The deal might lead to an important breakthrough in China for Airbus Industrie, a consortium of British, West German, French and Spanish interests. Page 20

Tootal in joint factory venture with Chinese, Page 6

Hungary gives voters choice of candidates

BY DAVID BUCHAN IN BUDAPEST

HUNGARY'S uniquely contrived experiment in creating compulsory political competition within a one-party system got under way this week with the start of elections of two or more candidates for some 42,000 seats on local councils and for 352 seats in the national parliament.

Announcing details of the new plan for multi-candidate, but not multi-party, elections on June 8, Dr Rezsoe Banyas, the Information Minister and former envoy to London, said yesterday the aim was to deepen "socialist democracy," to complement recent moves such as the election of managers in industry, power devolution to local councils and reduced government intervention in company affairs.

Most of the country's top political elite will not have to undergo any unseemly competition for election to the parliament, because a "national list" of 35 uncontested seats has been created.

Nine of the 13 Politburo members, including Mr Janos Kadar, the Communist Party General Secretary, are on it. A couple of other Politburo members will "risk" election in contested constituencies, while one notable exception, Mr Karoly Grosz, the Budapest party leader and rising political star elevated last month to the Politburo, has opted out completely.

Other slots on the "national list" go to representatives of nationality and religious groups. A national list candidate could lose only if 51 per cent of those voting, from among Hungary's 7.5m eligible voters, cast their ballots against him or her, and "wrote in" an unofficial candidate instead. That is considered highly unlikely.

Competition for the 352 contested parliamentary seats, and for the thousands of local council seats, will be solely on the platform of last month's Communist Party Congress resolutions. All candidates must be vetted first by the Com-

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CONTENTS

Gonzalez aims for domestic spending growth

BY DAVID WHITE IN MADRID

THE SPANISH Government yesterday unveiled a package of tax and other measures designed to boost household spending and industrial investment. They include a liberalisation of foreign investment and incentives for youth employment and mark a tentative but significant switch in economic direction under Sr Felipe Gonzalez's Socialist Government.

The new, if cautious, emphasis on consumption-led growth is widely seen as an effort by the Socialist party to restore grass-roots support after two years of austerity, ahead of the general election scheduled next year.

The measures, announced to a congressional committee by Sr Miguel Boyer, Minister for the Economy and Finance, come after a sharp downward revision in growth forecasts for this year, initially set at 3 per cent.

With slowdowns in the U.S. economy and in Spain's recent export boom, the Government is now relying on increased home demand to help keep economic growth above 2 per cent in order to prevent a further erosion in employment.

Unemployment

Yesterday's announcement coincided with figures showing a further 0.45 per cent increase in registered unemployment last month to 2.68m, more than 20 per cent of the workforce, and with a row with unions over proposed reductions in future pension entitlements.

The main fiscal measure is a reducstion from July in the amount of income tax docked from wages. These cuts, which are geared to favour the lower-paid, are in anticipation of reduced income-tax rates due to be announced later in the year. They will apply to all incomes of less than Pta 6m (£27,900) a year and range from 1 to 9 per cent, with incomes of les than Pta 550,000 (£2,560) being exempted from deductions.

The loss in Government income — estimated at about Pta 100bn—is due to be offset by a clampdown on tax evasion and by cuts in public sector spending on imports and on subsidies for nationalised companies.

In order to help stimulate private investment, rules governing companies' repayment schedules will be lifted in cases where they raise investment by 20 per cent in 1985 and 1986. Employers are also offered reduced social security rates for taking on under-25s.

Shareholdings

Foreign companies will be able, once the measures have been aproved by the Cabinet, to take shareholdings in Spanish companies, including majority stakes, of up to Pta 500m without seeking Government permission. This compares with the present limit of Pta 25m. Foreign property investments of up to Pta 100m are also freed.

The measures also include a simplification of non-resident bank accounts and a 50 per cent increase to Pta 120,000 in the amount Spanish tourists can normally take abroad.

At the same time, Sr Boyer announced a gradual reduction in the amount banks have to devote to state-directed investments — releasing more funds for other uses—and an increase in fiscal incentives for new houses.

Rent laws dating from the Franco period are, meanwhile, to be changed, with sitting tenants losing thheir right in future contracts to prolong their stay automatically. This is aimed at putting more accommodatiton on to the market and bringing new rents down.

Delors brings new style to the Commission

BY PAUL CHEESERIGHT IN BRUSSELS

JACQUES DELORS has been in Brussels a hundred days. The first milestone of his four-year presidency of the European Commission passed this week.

The former French Finance Minister has not shed his background. His ideas on the development of the European minietary system, his apparent suspicion of U.S. intentions, his concern to link international trade liberalisation with international financial reform appear to be much the same as they were in Paris.

But in the Commission itself he is, if not a new broom, a player in a new style. He is very presidential, say the insiders. No longer the rambling discussions which characterised the last Commission led by M Gaston Thorn. Tight chairmanship is in. He is not afraid to engage and debate ideas. He is prepared to put matters to a vote if necessary—after which everybody, like the British cabinet, is supposed to back the policy.

It is the collegiate approach, with M Delors primus inter pares. Harmony was more easily established than in the past by his skilful distribution of portfolios which won his colleagues agreement even before they arrived in Brussels. But his old rival, M Claude Cheysson, still remains a potentially divisive force, with an external affairs portfolio uneasily restricted by the tasks allocated to Sig Lorenzo Natali and Mr Willy de Clercq.

But it is also easier for M Delors not only to be, but to be seen as, president because nobody in the Commission has sought to establish the fiefdoms associated with, say, Viscount Etienne Davignon nor M Francois-Xavier Ortoli

Despite the successes of, for example, Mr Peter Sutherland with steel, Mr Stanley Clinton Davis with car exhausts or Mr Frans Andriessen with his quick understanding of the farm price conundrum, the new Commission has not so far thrown up any personality as dominant as M Delors himself.

He appeared at his most presidential during the recent Brussels summit. There he came up with a proposal for spending on Mediterranean agricultural and social programmes which not only looked more realistic than that prepared by his predecessors but squared the political circle. He provided a deal which took Mr Andreas Papandreous, the Greek Prime Minister, off the hook of his own demands and assuaged the economy-minded West Germans and British.

On the question of Community enlargement, he and Sig Natali got the timing right with a proposal which paved the way for completion of the negotiations with Spain and Portugal. He sold the Spaniards a fishing deal which was too strict for them and not strict enough for Community fishermen.

These have been successes which have given the presidency of Mr Delors an impetus and some reputation for getting things done. But there are failures.

His loosely written proposals for a high technology spending boost were thrown out by the heads of government. Nor has he managed to win support for detailed strengthening of the EEC's internal market.

The key test of ihs leadership is yet to come. It is how the Commission will cope with the pressure on its 1985 farm price proposals. Also, whether his Commission has a capacity which is both innovative and politically realistic will start to emerge in the next months as the team produces new proposals and not those of its predecessor.

Iberian MEPs may alter parliament's political balance

BY IVO DAWNAY IN STRASBOURG

THE EUROPEAN Parliament Iberian gold rush has begun. In its first session since enlargement of the EEC next January became a near certainty, Strasbourg was yesterday alive with politicians discovering that some of their best friends are Spanish or Portuguese.

The prizes for the Parliament's eight political groupings now trawling for recruits are substantial. In votes alone, the 84 new seats (60 Spanish, 24 Portuguese) could swing the political balance on the passing of resolutions and the winning of committee chairmanships.

Expansion of the Parliament to 518 seats will markedly strengthen the Socialists. The Centre-Right, excluding the French National Front, has a four-vote majority at present, but the 84 new MEPs are expected to include at least 35 Spanish and eight or nine Portuguese Socialists.

The presidency, currently held by M Pierre Pflimlin, a member of the Christian Democrat group, could now go to the Socialists. It also means that important initiatives will require at least some centre-left support to win a clear majority.

The political groupings also stand to gain financially. They are heavily subsidised from the budget, with each party receiving a basic Ecu 88,700 (£52,000) to which an average Ecu 13,000 (£7,800) is added with each member enrolled.

On top of this is a further supplement based on the number of the languages used within the group, ostensibly to help with translation costs. Under this system the two-language European Democratic Group — the English and Danish Conservatives—received £460,000 in total last year, while the multi-languaged Socialist group got £1.18m.

The Euro-parties of the Centre are frantically wooing the Spanish and Portuguese Centre-Right for votes. The biggest prize is Spain's Alianza Popular, the right-wing coalition led by Sr Manuel Fraga, a former Francoist minister. This is expected to provide about 15 MEPs.

Meanwhile, the secretariat is getting on with organising a substantial refit of the assembly hall to accommodate an extra 100 seats by shaving 19 centimetres off each of the existing ones. Speed here is of the essence, for if Strasbourg fails to complete the task by September, then rival Luxembourg is certain to bid once again to act as host to the Parliament.

The Grand Duchy spent millions of francs on an assembly hall—used only four times—and is desperate to regain its status as the Parliament's home for at least three or four sessions a year.

Bangemann calls for higher investment

BY RUPERT CORNWELL IN BONN

HERR MARTIN BANGEMANN, the West German Economics Minister, last night issued a powerful appeal for companies to step up their investments, to create jobs and underpin the steady recovery, now into its third year.

Speaking at the opening of the Hannover Fair, traditionally the annual shopwindow of West German industry, he claimed that the overall economic outlook in the country was more favouarble than it had been for years.

West German manufacturers were now "exceptionally competitive" in international markets. Growth this year at home would reach 2.5 per cent, while inflation, assuming no sharp increase in import prices, would stay at about 2 per cent, its lowest for 16 years. But, while investments were starting to grow once more, much too little was still being done, Herr Bangemann declared.

While corporate investment in West Germany had stayed stagnant in proportional terms, at about 11 per cent of gross domestic product, in the U.S. it had risen from 10.8 per cent to 12.5 per cent between 1975 and 1982, and in Japan from 16.3 to 18 per cent.

Herr Bangemann made clear moreover that the Government would not be deflected from reducing the budget deficit, thus freeing more resources for private enterprise and reducing both taxes and the pressure on interest rates.

This year's Fair is the largest ever. Some 7,000 companies from almost 60 countries are exhibiting, over a total area 14 per cent greater than in 1984.

The emphasis is on high technology, and the minister went out of his way to allay fears that West Germany's longer term industrial competitiveness was being undermined by failure at a research level. In 1983, the last year for which figures are available, West German manufacturers had taken out 80,000 international patents, compared with only 50,000 for Japan, he said. Of these, 5,400 were so-called "key patents," five times as many as in the case of Japan.

Dublin criticised over offshore oil licensing

By Brendan Keenan in Dublin

Ireland's third offshore licensing round is "heading for the rocks" unless the Government spells out its terms for state participation in a discovery, according to the Irish Offshore Services Association, which represents supply and servicing companies.

The closing date has already been postponed once but the Government has not admitted that this was because of lack of oil company interest.

Mr Patrick Campbell, the Association's chairman, said yesterday that the industry believed there would be few applicants and even fewer of the quality needed to develop offshore exploration.

Licensing terms allow for a maximum state equity of 50 per cent, but the Government has consistently refused to say what terms would apply in the case of marginal fields.

Mr Campbell said large oil companies were unwilling to invest under such uncertainty and he could only assume that the Government was holding back for political reasons.

Any commitment to take less than 50 per cent would be unpopular with the Labour Party, junior partner in the coalition.

More than 90 wells have been drilled in Irish waters but the rate of exploration has fallen in recent years.

Swedish workers threaten stoppage

By Kevin Done in Stockholm

MORE THAN 20,000 Swedish white-collar state employees are threatening to strike from May 2 in support of wage claims aimed at catching up with wage rises achieved by employees in industry last year.

The strike is aimed at taking out key workers in areas such as customs clearance, railway and air traffic control, as well as workers in the postal giro service, some teachers and college lecturers and some junior policemen.

TCO-S, the white collar workers' union for state employees, claims that its members' wages fell behind the pay of industrial workers by some 3.1 per cent last year. The union has 265,000 members.

It is using a controversial clause in last year's public sector wage agreements to claim compensation, but has so far been cold-shouldered by the Government which is desperately trying to rescue its anti-inflation programme, by holding down nominal wage rises in both the public and private sectors.

Another problem emerging for the Government is the apparent deterioration in the Swedish balance of trade. The latest figures released by the Central Statistical Office show that the country's trade surplus slumped to only SKr 1.6bn ($181m) in the first quarter of 1985 from a surplus of SKr 9.4bn in the corresponding period last year.

Preliminary figures show a rise of only 1 per cent in the value of exports – and therefore a clear drop in volume – while imports jumped by 15 per cent in value partly as a result of strongly rising domestic demand. Imports in March were clearly higher than in any other month last year.

Swedish trade has suffered in the first three months partly from difficult shipping conditions in the Baltic Sea with ice making access to northern ports a problem and delaying pulp and paper exports in particular.

Norway's high rates 'impede capital outflow'

By Fay Gjester in Oslo

NORWAY'S ambition to become a capital exporting nation will be virtually impossible to achieve so long as Norwegian interest rates remain at their present high level, according to Mr Hermod Skanland, director of the Bank of Norway.

Mr Skanland, writing in the bank's quarterly review, points out that Norway had to ban foreign investment in Norwegian bonds last autumn, after heavy purchases by foreigners led to an undesirably large capital inflow.

However, a recent concession allowing foreigners to borrow kroner from Norwegian banks has found few takers, because funds are cheaper almost anywhere else. Currency restrictions were relaxed from January 1 this year to allow Norwegians to invest in foreign bonds. This, too, has had little impact, because Norwegian bonds offer better returns than most foreign issues.

Mr Skanland says Norway's tax system is a barrier to freer capital movements in and out of Norway.

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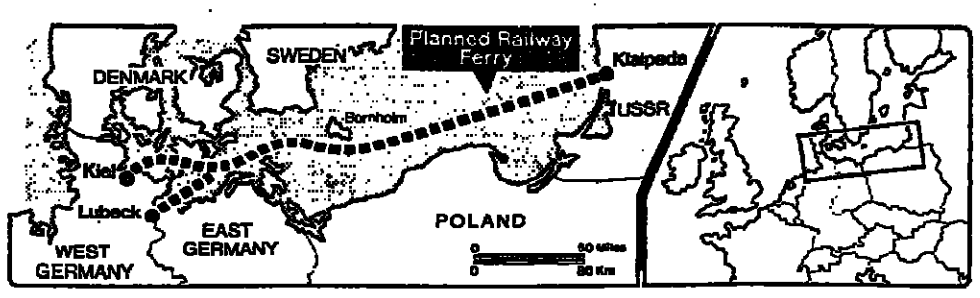
EUROPEAN NEWS

OVERSEAS NEWS

Rupert Cornwell in Bonn reports on the proposed sea-rail link with Soviet Lithuania

Kohl's cabinet approves the 'Trojan Ferry'



ITS CRITICS have dubbed it the "Trojan Ferry," a treacherous Soviet device to give the Warsaw Pact a readymade military bridgehead in Western Europe when the Third World War begins. Its equally numerous supporters, however, see it as a quite harmless and sorely-needed boon for the depressed economy of Schleswig-Holstein in the extreme north of West Germany.

The cause of all the fuss, which has been exercising the minds of military planners, national and local politicians and the hardpressed shipbuilding industry here, is a project for a rail container ferry link between Soviet Lithuania and a West German Baltic port—possibly Kiel itself, but more probably Travemuende, at the mouth of the Luebeck Fiord, directly across the water from East Germany.

Moscow has been pressing for the scheme since 1981, but only yesterday did the Bonn Cabinet, after what seems to have been a wary blessing from Chancellor Helmut Kohl, give its own approval for serious discussions with the Soviet Union. The ironies of history are considerable.

Should the project ever see the light of day, the proposed Russian terminal will be at modern Klaipeda, which under its former name of Memel was the *furthest eastern tip of the* old German Reich before 1918. And if Kiel is picked as the West German end, the likely site will be on the eastern shore of the town's long natural harbour—more or less opposite the present shipyards of the Lindenau company, which in fact began life in Memel.

But the odds are said to be tipping against Kiel, not least because the terminal would be even closer to a major Nato naval base in the harbour. The Bonn Government has let it be known that, given the threat of permanent electronic monitoring equipment arriving with transient commercial goods, it will not tolerate any extraterritorial Russian rights around the terminal. This has happened at such a Soviet facility which already exists at Antwerp, now regarded by some Western secret services as little more than a nest of spies.

More fancifully, lurks the fear that Moscow would use the terminal to stockpile military hardware, ready to serve a possible future invasion of Europe, or even as a forward ferry point for troops.

The first rail ferry between East Germany and Klaipeda is to start late next year, writes Leslie Collit in Berlin. Every eight hours, one of the six 190 metre East German built ferries will unload 103 Soviet railway cars at Klaipeda and the newly built East German port of Mukran on the island of Ruegen. The Soviet freight will be reloaded in huge sheds on to normal-gauge East German railway cars.

But Schleswig-Holstein, a particular victim of the shipbuilding crisis, does not see things like that. The regional Government in Kiel claims that up to 300 jobs could be created by the project, of whose total DM 1bn (£260m) cost West Germany would put up half.

The Russians have indicated that another consequence might be a big increase in Soviet-West German trade, while even the shipbuilders would benefit from a half share in the orders for the four or six ferries, each with a capacity of 75 container wagons. But even so, mysteries remain.

Apart from real or imagined military advantages, might not Moscow have other, hidden motives? An expert at the Kiel World Economics research institute reckons that present trade simply does not justify the cargo ferry link: "The real reason is simply that they want to avoid trouble on land transit across Poland."

Others believe the link is intended to boost the freight appeal of the Trans-Siberian railway to the Far East, which is now being extended. This has already scared some major container companies, as well as shippers in the traditional North German ports of Bremen and Hamburg, who feel that the ferry will only cut into their own existing business.

Last, but not least, is the puzzle of the gauges. The Soviet railway system runs on a different gauge track from that in Western Europe. How will this problem be got round? Will a new facility to crossload freight from European to Soviet wagons be needed? If so, where? This is but one more reason why discussions, now that Bonn has given a go-ahead in principle, are likely to be long and complicated before the "Trojan Ferry" finally comes into service.

RIGHT-WING UNREST UNLIKELY TO LEAD TO SPLIT

Ozal tightens grip on party reins

BY DAVID BARCHARD IN ANKARA

TURKEY'S Prime Minister, Mr Turgut Ozal, who triumphantly demonstrated his control over the ruling Motherland Party at the weekend during its first ever party conference, now faces a possible revolt by its Right wing after dropping one of his deputies, Mr Mahil Sivgin.

Mr Sivgin is widely credited with organising the party for its unexpected election victory in 1983. He has been the target of attacks in the Turkish Press which claim that he was linked to the ultra-Right-wing Nationalist Action Party before the coup in 1980 brought the end of the previous party system.

Mr Turgut Ozac: weighing the advantages of an early election

The Congress came shortly before the second anniversary of the foundation of the Motherland Party which Mr Ozal hastily assembled from the political fringes. At that time it looked as if the military-backed Nationalist Democracy Party would be the front-runner in the general election that year, with followers of the pre-coup Justice Party in some thin disguise offering the main challenge.

The diverse ingredients of the Motherland Party—Islamic politicians, Right-wing nationalists, and liberal businessmen, as well as Ozal loyalists — have been seized on in the Turkish Press ever since. There have been persistent claims that two of Mr Ozal's key lieutenants, Mr Halil Sivgin and Mr Mustafa Taser, headed a faction uncomfortably far to the Right.

Securing the unity of the party was Mr Ozal's priority, but curbing any drift to the extremes came a close second. He seems to have succeeded on both points. As is common in Turkish party conventions, rival lists of candidates for executive office circulated. But a list in which Mr Ozal gave his backing to moderates, while ensuring that representatives of all factions were included, scored an apparently effortless success.

The vote seems to guarantee the Motherland Party government a much easier time in the months ahead than its critics have been predicting. It was shaken in January when a junior minister resigned after allegations that he had been trying to take a bribe of £50,000 in cash from a businessman.

One of Mr Ozal's staunchest lieutenants was singled out, some what surprisingly, for press criticism for his attempts to secure proof of the allegation by using a concealed microphone.

The Government also faces some criticism from employers' groups and organised labour for its austere economic policies. Two key elections in the business world—most recently to the presidency of the powerful Union of Chambers of Commerce and Industry—have seen opponents of Mr Ozal selected by large majorities.

However, he has now demonstrated that he is firmly in the saddle, without causing any defections from disgruntled minority factions.

The decision on Monday to oust Mr Sivgin as deputy party chairman of the party produced an immediate resignation threat from one of his long-standing allies, Mr Veysel Atasoy, the Communications Minister.

Mr Ozal may have been worried about Mr Sivgin's powerful hold on the party, but, a split will probably be avoided. There is already speculation that Mr Sivgin may be made a minister in the next cabinet shuffle to avoid any further risk of trouble.

The Motherland Party is now probably mulling over the question of whether to go for an election earlier than November, 1988, when it falls due. An election victory would cement Mr Ozal's hold on power for several years and also clear up the anamolous situation created in 1983 when all but three parties were excluded from the poll—a situation which means the second and third largest parties in the country are still outside Parliament.

In theory, these are now beating at the doors and calling for Mr Ozal to call an election. However, the centre-left Social Democracy Party (SODEP) is threatened by moves to set up a Socialist Party loyal to Mr Bulent Ecevit, the former Prime Minister. It would probably not be a serious rival, but could block any chances the Social Democrats might have of coming to power for a decade or more by splitting the vote.

On the centre-right, Mr Ozal is watching to see what happens in the ranks of the True Path Party which has so far supplied the most vigorous opposition to him. Its leader is currently being challenged by an industrialist, Mr Mehmet Yazar. If he were to take over at its congress in May (an outcome that seems unlikely at present), it would be a serious reversal for Mr Suleyman Demirel, another former Premier, who, although banned from politics, controls the party from behind the scenes.

Most probably, however, Mr Ozal will await the results of a set of parliamentary by-elections in the summer of 1986 before deciding on a general election.

Sri Lanka faces $100m decline in balance of payments surplus

BY JOHN ELLIOTT IN COLOMBO

SRI LANKA faces a shortfall of about $100m (£80m) on its forecast balance of payments surplus this year because of sharply falling tea prices on international markets which have hit its export earnings.

Tourism is also decling for the second year in succession because of the country's problems involving violent clashes between Tamil extremists and Sri Lankan troops.

There is no sign of any early end to the violence. The extremists intend to increase their terrorist activities and the Government is not willing to seek a political solution to the Tamil grievances until the violence ends.

"Sanity might prevail suddenly with the extremists but if it doesn't it'll be a long long battle," Mr Lalith Athulath-mudali, National Security Minister, said in an interview at the weekend.

Last year sharply rising tea prices more than offset a 40 per cent drop in tourism receipts, protecting the island from the economic impact of the ethnic violence.

Foreign exchange earnings from tea rose from Sri Lankan Rupees 11bn (£335m) in 1983 to R15bn. Now they might drop to Rs 15bn. Now they might drop back by Rs 1.5bn to Rs 2bn, if the trend continues, according to Mr Ronnie De Mel, Finance Minister. The prices have fallen from Rs 65 a kilo to Rs 45 in the past two months and Mr De Mel does not believe they can recover before August.

Remittances from Sri Lankans working abroad are expected to fall from Rs 7bn to about Rs 6bn, following a fall-off activity in the Middle East.

But Mr De Mel still expects to finish 1985 with a balance of payments surplus of $150m to $200m compared with earlier forecasts of $250m to $300m.

Foreign exchange reserves are equivalent to over five months' imports and the annual rate of inflation stood at zero per cent last month because the drop in tourism has caused food prices to fall.

So there are no immediate economic pressures on the Government to affect its strategy for dealing with the Tamil crisis. But ministers realise that the longer the violence continues, the more they will have to face up to declining tourism and foreign investment.

But it was "useless to put forward proposals before the violence ends," and the extreminists did not want a ceasefire. Responding to calls at the weekend from Mrs Margaret Thatcher, British Prime Minister, for a political rather than violent solution, he declared: "All those democratic societies whic want a political solution must realise the terrorist groups do not want such a solution and they also want a separate state which is not possible."

India is angry at requests allegedly made by President Junius Jayawardene to Mrs Thatcher that the UK could help by stationing troops in Sri Lanka. The Sri Lankan Government has denied that the request was made. India would regard such a move as an unwelcome incursion by a major Western power in South Asia.

African per capita output falling

BY PETER BLACKBURN IN ABIDJAN

AFRICAN per capita output last year was 10 per cent lower than in 1980 and the outlook for this year, given the possibility of continued famine in many countries, is "not very encouraging," according to a report just released by the African Development Bank (ADB).

"Africa is faced not only with the challenge of halting economic regression but also the very survival of her people," ADB president Mr Wila Mung'omba said on Monday in presenting the report, which was jointly prepared by the bank and the UN Economic Commission for Africa.

The report notes Africa's low capacity to adjust economically and that "domestic policy deficiencies" have played their part. Agricultural pricing, marketing and resource allocation policies had adversely affected performance. Despite reasonably high investment rates, the efficiency of investment had been declining.

Many African countries remain heavily dependent on foreign resources because of inadequate domestic savings. The report notes that the current ratio of tax revenues to GDP of only 15 per cent could be increased through improved tax systems.

The repotr also highlights Africa's worsening external debt which has risen eightfold between nn1972-83. Per capita debt has also grown twice as quickly as per capita income between 1974-83. "Although relatively small in size it has adversely affected development in many countires," Mr Mung'omba said.

OVERSEAS NEWS

Soviets attack Afghan rebels

ISLAMABAD – Soviet troops have launched two major pre-emptive attacks on centres west of Kabul as Afghan rebels began returning after winter in Pakistan, Western diplomats said yesterday.

Security has also been tightened in eastern Kabul, which guerrillas rocketed last week for the first time in four months.

The annual April 27 parade marking the 1978 Communist takeover is to be held in eastern Kabul, the diplomats said.

The Soviet army has also begun using Frog-7 surface-to-surface truck-mounted missiles with a highly explosive 550kg warhead for the first time in the five-year war, they added.

They quoted reports from Kabul as saying hundreds of helicopters, mostly MI-24 gunships and MI-8 transports fitted with rockets, backed up the operations between April 10 and 13 around Paghman to the north-west and Maidan Shahr to the south-west of the capital.

Soviet forces suffered heavy casualties and lost several helicopters when they were ambushed near the village of Jalrez after bombing Maidan Shahr, they added.

The diplomats said six Frog-7 missiles and four 152mm self-propelled howitzers were sent to Maidan Shahr and used to back up the operation.

Reuter

Egyptians cautious on Israeli talks

BY TONY WALKER IN CAIRO

MR EZER WEIZMAN, the Israeli Minister Without Portfolio, said after a two-hour meeting here with President Hosni Mubarak that the Egyptian leader was "very, very positive" about a possible summit meeting with Mr Shimon Peres, Israel's Prime Minister.

Egyptian officials cautioned, however, that a number of conditions will have to be met before such a meeting is possible. These include Israel's withdrawal from Lebanon, progress in settling a dispute over territory in the Sinai and indications that the Israelis are serious about resolving the problems of the West Bank.

The officials note that Mr Mubarak has said on several occasions he is prepared to meet Mr Peres, but only if there are substantial matters to be discussed. Mr Weizman, whose presence in Egypt divided Israel's fragile coalition Government, said: "A lot of work has to be done" before a summit is possible.

Israeli officials have indicated that Mr Peres would favour a meeting early in May, but the timing appears ambitious because Israel is not scheduled to leave Lebanon until at least the middle of the month. Also, it may be too soon for signs of genuine progress towards a resumption of the stalled peace process.

Meanwhile, Egyptian officials are preparing for the arrival in Cairo today of Mr Richard Murphy, American assistant secretary of state for Middle East Affairs, who is conducting "exploratory" discussions in several Middle East capitals, in a clear sign that the U.S. is overcoming its reluctance to become involved again in the peace process.

According to a well-placed diplomatic source in Cairo, Mr Murphy is carrying with him U.S. suggestions for ending the Middle East stalemate. This source says that renewed American interest in Middle East peace efforts follows Mr Mubarak's visit to Washington last month for a meeting with President Reagan. Mr Murphy has been in Jordan and Israel on his present shuttle which will also include visits to Syria and Saudi Arabia.

Washington regards both the February 11 accord between King Hussein of Jordan and Mr Yasser Arafat, chairman of the Palestine Liberation Organisation, and the subsequent initiative by Mr Mubarak calling for first stage discussions between the U.S. and a Jordanian-Palestinian delegation as promising developments in efforts to revive the peace process.

But a stumbling block remains the refusal of Israel and the U.S. to deal directly with the PLO. In their February 11 accord, King Hussein and Mr Arafat agreed to work together towards a settlement of the Arab-Israeli conflict on the basis of exchanging land for peace according to various United Nations resolutions and a plan approved by an Arab League summit.

Relations between Israel and Egypt have been frozen since the Israeli invasion of Lebanon in 1982. Egypt withdrew its ambassador from Tel Aviv in protest. The "cold peace" between the two countries only began to thaw after Mr Peres became Israel's Prime Minister last September.

Gun battles in Beirut and Sidon

SIDON – Gun battles and artillery fire rocked Beirut and the southern port city of Sidon yesterday as Lebanon's Moslem militia leaders sought Syria's help in defusing sectarian violence.

Christian and Moslem militiamen skirmished with machine guns and rocket-propelled grenades from dusk on Monday until dawn yesterday across the "green line" that divides Beirut into Moslem and Christian sectors, police said. Three people were wounded.

A four-party security committee of the army and principal warring militias called a cease-fire at daybreak and ordered that reconstructed fortifications on both sides of the line be dismantled.

A communiqué said committee members would tour the Ras el-Nabaa neighbourhood and the shell-shattered old commercial district in Beirut to monitor compliance with their orders.

In Sidon, Christian militiamen traded artillery barrages with Moslem fighters and Palestinian guerrillas during most of the night, police said. There were no reports of any new casualties.

The morning lull in the fighting came on the 19th day of sectarian hostilities that have claimed more than 80 lives and made Sidon the flashpoint of Lebanon's 10-year civil war.

AP

NZ consults UK on tax reform

BY JOHN WYLES

NEW ZEALAND'S Labour Government is consulting British Treasury Ministers this week as a preliminary to drawing up detailed proposals for reforming the country's business taxation system.

Mr Roger Douglas, New Zealand's Minister of Finance, said in London yesterday that he had been discussing British tax policies as part of his search for a reform package that "would reinforce the changes we have already made and get investment into growth area of the economy."

Since its election last July, the Labour Government has recast economic policies and practices dating back 50 years. Financial markets have been liberalised, export subsidies phased out, exchange controls lifted and the New Zealand dollar floated.

The Government's next priority is to introduce a goods and services tax (equivalent to value added tax) and a restructuring of personal taxation. Mr Douglas said yesterday that he hoped to have proposals ready by the end of August or in early September.

These will be of major importance to the Government's attempt to persuade trade unions and employers to accept pay and price restraint proposals which would be applied from next October. Inflation has risen steeply since the Government lifted a 20 month wage and price freeze last July and wages have not kept pace because a voluntary restraint agreement has pegged increases within the 5 to 7 per cent range since last October.

With price intention expected to peek in June at around 14 per cent the unions fear that the goods and services tax will lead to another inflationary surge and are pressing Mr Douglas to exempt food from its scope.

The minister said yesterday that it was still his intention to apply one rate "across the board." He said that he believed that the new tax would allow him considerable scope to reduce New Zealand's high rates of marginal taxation—66 per cent on incomes above £15,000—and that this would substantially compensate many people for any tax-induced price rises.

Hu, Hawke optimistic over joint ventures

CHINA and Australia agreed yesterday to explore a broad range of economic ventures that will provide a model for China's policy of increasing commercial and cultural contact with the West, *AP* reports from Camberra.

A joint communique, issued after talks between Chinese Communist Party secretary general Hu Yaobang and Prime Minister Bob Hawke, said the two countries had agreed prospects for cooperation in iron and steel projects are "very good."

The comment lead to speculation here that the signing of a joint venture between China and the Australian mining company Hamersley Iron is close for the development of a huge iron ore deposit at Mt. Channar in western Australia.

Hu visited the mine on Sunday and told Mr Hawke, "Let us mine it together."

Earlier in the day, Hu had assured foreign investors that China would continue to do business with the West, and might even open its door wider.

Hu made the remarks during a question and answer session at Canberra's National Press Club. The session followed a speech in which Hu said China was going "all out for modernisation" and planned to quadruple its gross national product to U.S.$1,000 (£784) per capita by the end of the century.

S. African marriage law repeal welcomed

BRITAIN yesterday welcomed the South African decision to repeal the ban on racially mixed marriages and sexual relations, Agencies report. A Foreign Office spokesman said: "We naturally welcome the dismantling of this offensive aspect of apartheid. This decision reflects changing attitudes in South Africa which are to be encouraged.

The spokesman also welcomed the South African decision to remove its remaining troops from southern Angola later this week.

Cricket tour appeal

Australian Prime Minister Bob Hawke yesterday appealed to Australian cricketers not to take part in a proposed tour of South Africa, *AP writes from Canberra*. He said it would be shameful if there was any truth to reports that a team of rebel Australian cricketers was planning to tour South Africa.

Rioting in Gujarat

The army was put on the alert in the western Indian state of Gujarat yesterday following growing violence between groups protesting against and supporting the policy of reservations of jobs and seats in educational institutions for the backward classes, notably the Harijans (untouchables), K. K. Sharma reports from New Delhi. At least five people were killed when police fired on mobs engaged in arson in which Government offices and buildings were burnt down in Ahmedabad, capital of Gujarat.

Inspectors jailed

Fifteen Taiwanese mine inspectors were jailed yesterday for soliciting bribes from mine owners in return for favourable reports on mine safety, court officials said, Reuter reports from Taipei. They said the inspectors of the Taiwan Mining Bureau were jailed for between six months and five years on corruption charges.

Deportation threat

Nigeria, which expelled over 1m aliens two years ago, has ordered an estimated 700,000 illegal immigrants to regularise their status by May 10 or face deportation, AP reports from Lagos. The Ministry of Internal Affairs issued a statement Monday telling immigrants to regularise their documents or leave the country voluntarily.

Union Carbide hearings start in New York

BY TERRY DODSWORTH IN NEW YORK

THE LEGAL fall-out from the Union Carbide poison gas disaster in Bhopal, India, settled over downtown Manhattan yesterday when around 90 lawyers elbowed their way into court to begin what promises to be a famous procedural wrangle.

The arguments began several weeks ago, as claims against the company flooded in from the 2,000 Indian victims via the burgeoning ranks of the U.S. product liability lawyers. Around 55 separate actions have been filed already, for a total of more than $100bn (£77bn).

As if that were not complicated enough, the Indian Government has decided to sue on behalf of all the victims as well.

Even before the Indian Government came along, relations between the different lawyers were not exactly harmonious. One lawyer has called his rivals undemocratic. Mr Melvin Belli, known as the "king of tort," complained that "no one wanted" another of his learned friends around.

When the Indian Government filed, however, the lawyers went one better, threatening to sue the Government itself in India to stop it taking over representation of the victims.

The lawyers for the Indian Government originally adopted a tough line on their rights to lead the U.S. court action. More recently they have changed to a more conciliatory line, saying *they are willing to work with* the private attorneys but only if they receive permission from their clients to continue to represent them.

The Indian Government firm, Minneapolis-based Robins, Zelle, Larson and Kaplan, also conceded that it was up to the judge to decide who should be put in charge of the litigation. But the company also made it clear that it thought that by rights it should be in charge.

These procedural squabbles fell into the balliwick of judge John Keenan, Federal Judge for the southern district of New York, as lawyers were joined by hordes of reporters in the pre-trial hearings — a process under which issues of this kind are sorted out before the case goes to trial.

Deciding who should represent the victims, however, is only part of the problem Judge Keenan has to cut through. He also has to decide on whether he is really the right man to hear the case Union Carbide is arguing that the trial should be held in India because that is where the disaster occurred.

One of the judge's assistant's says that it is not really clear problems he will tackle first. Should he first try to decide where the trial should be held, with the danger that he would then have to face the appalling prospect of hearing 55 lawyers argue that he should keep the case in America? Or should he first decide who is the best attorney to lead the litigation, when his first subsequent action might be to send it overseas anyway?

Union Carbide, for its part, is sticking to its claim that the best way of putting some money in the victim's hands would be to settle the whole issue out of court.

Bid to save satellite starts successfully

By Peter Marsh in Houston

TWO CREWMEN of the U.S. space shuttle Discovery made an unrehearsed spacewalk yesterday, completing successfully the first part of a two-day effort to salvage a malfanctioning satellite.

Failuer to achieve a rendezvous with *thealling* satellite today could leave the equivalent of an unexploded bomb floating in space 250 km above the earth.

The vehicle contains a large quantity of dangerosu rocket fuel which could explode unexpectedly, wreaking havoc on anything nearby.

The crew on Discovery will attempt to activate an errant switch on the side of the satellite, the Leasat-3 vehicle built by Hughes for the U.S. Navy.

The mechanism, which starts up booster motors to manoeuvre the satellite into its correct orbit 36,000 km above the earth, failed to deploy as the vehicle left Discovery's cargo bay over the weekend.

In today's operation, Discovery astronaut Rhea Seddon will try to flick on the switch with a makeshift tool on one end of the shuttle's mechanical arm.

Stewart Fleming in Washington reports on possible new moves in U.S. financial policy

Reagan's men send signals of change

JAMES A. BAKER the Third will be all too well aware that when he speaks today at the opening meeting of the policy-making interim committee of the International Monetary Fund his words will be weighed with more than usual care by the assembly of Finance Ministers from developed and developing countries.

Not only will this be the first appearance of the recently appointed U.S. Treasury Secretary before so representative a gathering of top government economic officials, it comes after a series of developments which have raised the beguiling prospect of a fundamental shift in the conduct of U.S. international financial diplomacy.

The moves have left experts wondering whether the world is witnessing a move away from the frequently confrontational and ideologically driven policy initiatives which characterised the Treasury under Mr Baker's predecessor as Treasury Secretary and now successor as White House Chief of Staff, Mr Donald T. Regan.

They have been thrown into even sharper focus by two extraordinary developments at the end of last week. One was the announcement from the White House that Mr Baker will be the operative head of a new council on economic policy. Given Mr Baker's job as Treasury Secretary, his intimate knowledge of the inside of the White House gleaned during his four years as President Reagan's Chief of Staff from 1981 to 1985, and the streamlining of power in the Administration associated with the creation of the new council, Mr Baker could be poised to become an economic policy maker or more than usual influence.

The other new development which has set Washington guessing was a remarkable speech last week by Secretary of State Mr George Shultz—remarkable not only for what it said, but also for its subject matter, namely international economic policy, a topic Mr Shultz has not addressed so forcefully since his first days at the State Department.

The views be expressed were no les striking. Calling for a "programme of international action' 'to address the threat to the sustainability of the world economic recovery, Mr Shultz sounded at times more like Federal Reserve chairman Mr Paul Volcker than a Reagan Administration official in the emphasis he placed on the dangers inherent in huge U.S. budget and current account deficits.

Mr Shultz's speech came at a time when Mr Baker was away from Washington in Paris attending a meeting of industrial country Finance Ministers at the Organisation for Economic Co-operation and Development (OECD). There Mr Baker himself dropped a diplomatic bombshell by announcing, in highly unspecific terms, that the U.S. would accede to European (especially French) pressure and examine whether to have an international conference on the world monetary system.

James Baker: words weighed with care

The key questions arising from these developments are whether Mr Shultz's speech and Mr Baker's gesture were co-ordinated initiatives aimed at sending the same message that the U.S. is more interested than has hitherto been the case in international financial co-operation based on compromise with Japan and Europe. Alternatively, should Mr Shultz's major speech at Princeton University be seen as a move by the Secretary of State to press his own agenda.

There are, at this stage, no clear answers to these questions. Some monetary officials in Washington are deeply sceptical about whether Mr Baker's concession on a monetary conference was anything more than the change in style, but not in substance, widely anticipated when the urbane Texas lawyer took over from the hard-driving former Wall Street boss, Mr Regan.

On this reading, what Mr Barker may have been seeking to do was to move forward the key item on the U.S. agenda, namely the decision to set a date for a new international round of trade talks, while at the same time blunting a French initiative the U.S. dislikes and ensuring that if such a monetary conference does take place it will be under U.S. leadership.

Backing up this sort of assessment is the judgment that the Treasury, under its new leadership, is stil in "disarray" and has yet to sort out the long-term strategies it wishes to pursue.

Some top Administration officials are arguing implicitly that this is too cynical an interpretation Mr Shultz's speech was described yesterday as being seen by the Secretary of State as an important address and one which was "thoroughly co-ordinated with top economic officials and a clear statement of administration policy." That statement leads directly to the conclusion that substance, not just style, could be changing.

For a variety of reasons, the tea leaves are likely to continue to be hard to read. Mr Baker, for example, is widely disturbed by the "new patriots" on the ideological right of the Republican Party. He would have to be careful in taking initiatives which would revive memories of what one Treasury official described as his earlier membershp of the internationalist and more liberal wing of the Republican Party. He is also said to be a politically ambitious man.

It is considerations such as these and, of course, the thought that if the U.S. sees an urgent need for greater international co-operation it could be because of its own anxieties about the direction of the American and world economies, which will be debated at the IMF and World Bank meetings this week. A careful watch will be kept, too, for any other straws in the wind: the tone of the final communique, or an easing of U.S. *scepticism about the need for* an increase in the capital of the World Bank, for example.

But, as one monetary source put it earlier in the week: "Nobody will show their hand at this week's meeting. The (Bonn) summit (next month) is the only place where any decisions will be taken."

EEC set to approve aid package

By Hugh O'Shaughnessy

A DRAFT agreement on wide-ranging economic co-operation between the European Community and Central America is expected to be approved by the European Commission when it meets in Strasbourg today.

It is likely to include provisions for greatly increased European aid to the region as foreshadowed by the European foreign ministers when they met their eCntral American counterparts in San Jose, the Costa Rica capital last September.

European aid is to be *increased by 50* per cent and will total some £180m in the five years starting this year.

The draft agreement, which has still to be approved by the Council of Ministers, has been subject to unexpected delays in Brussels. An earlier draft was criticised by some Commission members as being unconstitutional because it sought to commit the Community and member governments at the same time. There was also controversy about where the funds for Central America would be found within the Community aid budget.

Suporters of the latest draft are, however, confident that they have achieved a majority for the measure among the commissioners who see the need for the Community *to live up to the* announcements made by the foreign ministers last year.

Last week's revival of the Contadora peace process, to which the Community has given its strong support, is seen as giving added urgency to the signing of the agreement.

Officials of the Commission expect the final document to be signed by all parties in the *autumn* in Luxembourg.

Peru PM offers resignation

By Doreen Gillespie in Lima and Hugh O'Shaughnessy in London.

THE FATE of the Peruvian government lay in the balance yesterday as President Fernando Belaúnde Terry was deciding whether to accept the resignation of Prime Minister Luis Percovich and the cabinet.

The offer to resign came after the extremely poor showing achieved by the ruling Accion Popular party in Sunday's elections in which its candidate Sr Javier Alva Orlandini achieved an estimated 5 per cent of the votes.

The good result achieved by Sr Alan García, the 35-year-old candidate of the social democratic Apra party, has set off a debate in political circles about the wisdom of scrapping the second round of voting. Under the constitution Sr García, who received an estimated 48 per cent of the vote on Sunday, should face the runner up, the left-wing candidate Alfonso Barrantes, who won some 22 per cent, in a run-off scheduled for June.

In financial circles speculation is centering on who will be appointed to the senior economic posts by Sr García: his assumption of the presidency sooner or later is taken for granted.

Apra is committed to reducing the amount Peru pays to its foreign creditors to no more than 20 per cent of the country's export earnings — less than half the present figure and seeking rescheduling of its $14bn (£10.8bn) debt over 15 years with a 7-year grace period.

Among those tipped for the finance ministry are Sr Manuel Moreyra, former president of the central bank and Sr Carlos Santistevan, a director of Libra Bank in London.

Neves' deputy gathers support for succession

BY ANDREW WHITLEY IN RIO DE JANEIRO

EFFORTS ARE under way in Brazil to build a broad base of political support around Vice-President Jose Carney, the acting head of state and almost certain successor to the dying President-elect Tancredo Neves.

Senior politicians from both the *Democratic Alliance*, the ruling coalition, and the opposition Social Democratic Party have spoken over the past 48 hours in favour of a Government of national unity, as being the best response to the crisis provoked by Sr Neves' tragic illness.

However, they stressed that the initiative for such a move would have to come from Sarney himself.

Sr Sarney will tomorrow see Sr Leonel Brizola, the Rio de Janeiro governor, who is president of the small Democratic Labour Party and the most vehement opponent of the ruling coalition. This meeting is being interpreted as an attempt to reach agreement with the maverick Rio governor on a common political platform.

Behind-the-scenes moves to capitalise on the all-round support Sr Sarney has received as interim President have gathered pace over the past few days, as the President-elect has slipped progressively deeper into what appears to be an irreversible decline.

Yesterday the official bulletin said there had been no change in his very serious condition, which is being kept stable with the aid of a new "cooling down" technique designed to slow the spread of bacteria in the body.

On Monday evening, Sr Antonio Britto, the presidential spokesman, admitted that President Neves could be kept alive for months on the battery of life support machines to which he is hooked up—provided his heart does not give way.

However, there is disagreement among the doctors as to the efficacy of the hypothermia treatment and a controversy is also growing in this deeply Catholic country over the morality of prolonging his life artificially.

WORLD TRADE NEWS

Tootal in joint factory venture with Chinese

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

TOOTAL, the Manchester-based threads-to-textile concern, has made a major breakthrough into the Chinese market with the signing of a joint production venture for a thread factory on the outskirts of Canton.

It is believed to be the first time that a Western company has won the confidence of the Chinese authorities for the production of threads and comes after negotiations lasting over two years.

"The deal will represent our first major step into the huge Chinese market," Mr Alan Wagstaff, chairman of Tootal, said. "It gives the company its first real foothold in the country," he added.

Tootal, which has been buying cloth from China for some 30 years, and which has a marketing arrangement with a state company in the north of the country, is understood to have invested £4m in the project, though the total cost of the deal is more than twice that amount.

The British company has a half share in the project, even though it is putting up under half the capital.

Other Western textile companies have been courting China assiduously. Both Coats Patons, of Glasgow, and American and Efrid of the U.S. have had talks, though neither has made any announcement of progress achieved.

Tootal will produce spun polyester thread at the factory, which will come on-stream in the middle of next year. This is one of the four main varieties of thread available and is strongly entrenched in production units in South-East Asia. Its use is also growing rapidly in North America.

Under the agreement, about a third of the annual output, planned to be around 2m kilograms, will be sold in China and the rest exported to other Tootal companies. With such an output, the Canton plant will be about the same size as Tootal's Cherokee Mill at Marble, North Carolina.

Tootal's thread business in the Far East trebled between 1980 and 1984 and the company does not have enough capacity to meet rapidly growing demand. The new plant will help close the gap appreciably, it said yesterday.

Hyundai cars to go on sale in Australia

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

HYUNDAI Cars from South Korea are to go on sale in Australia in October. Bond Corporation, the Australian group with diversified interests, has gone into partnership with Hyundai for the venture.

The move follows the adoption by the Australian Government of a new policy for its highly-protected motor industry in which quotas for imported cars will be progressively eliminated.

Bond Motor Sales, a newly-formed subsidiary, will start by marketing the new front-wheel-drive Hyundai Pony, a 1.5-litre hatchback model.

Shortly after, the Stellar, a medium-sized saloon derived from the old Ford Cortina which Hyundai once assembled in South Korea, will be introduced to Australia.

In February this year Hyundai brought on-stream its new factory at Ulsan where there is the capacity to produce 300,000 new Ponies a year. This compares with Hyundai's past annual output of around 90,000 cars and 20,000 other vehicles.

The main reason for the boost to capacity is that Hyundai intends to tackle the U.S. market, the largest in the world for cars, and is expected to announce its import plans for the U.S. shortly.

Hyundai cars use Mitsubishi engines built under licence in Korea and Mitsubishi is one of five "domestic" producers in Australia which has a car market of about 500,000 a year.

Boeing hopes to deal big blow to Airbus

By Michael Donne, Aerospace Correspondent

BOEING of the U.S., the world's biggest manufacturer of jet airliners, is hoping that its own plan for a new 150-seater aircraft by 1992 will deal a major blow to Airbus Industrie's efforts to win markets for its A-320 aircraft, due into service in 1989.

Mr Joseph F. Sutter, executive vice-president of Boeing, says that Boeing believes its own offering, although being introduced later than the A-320, will have a 45-50 per cent improvement in fuel efficiency, and a 10 per cent cheaper direct operating cost, than the A-320.

He stresses that, rather than delaying its entry into the 150-seat market, "in our view the opposite is occurring. We are making a significant leap beyond our competition in a very short time.

"In fact, we expect our competitors (Airbus) to announce their pursuit of our objective in the coming months."

Mr Sutter, in a paper entitled "Into the 'Nineties," delivered recently in Washington, outlining Boeing's philosophy on the new aircraft, says that the company intends fundamentally to change the entire concept of airliner research, development and manufacture.

In addition to bringing together in one new airliner design all the various new aerospace technologies in propulsion, new materials and avionics systems, Boeing aims also to cut production costs by up to 20 per cent by adopting new manufacturing techniques.

In propulsion, the company is intensely studying "prop-fans"—the advanced methods of harnessing large propellers to gas-turbine engines to give big reductions in fuel consumption. Boeing calls these prop-fans "Ultra By-pass Engines," or UBEs.

It will test-fly a U.S. General Electric prop-fan engine on a Boeing 727 jet in mid-1986.

The development of new materials, such as aluminium-lithium, and graphite-epoxy and other composites, will cut aircraft weight and save on costs. Advanced cathode ray tube avionics displays on flight decks will do the same, while easing pilot work-loads.

The company is also exploring new technology in production methods, to save time and money.

Japanese leaders split over imports

BY JUREK MARTIN IN TOKYO

OPEN divisions are emerging in the Japanese political hierarchy over the extent to which Japan should stimulate domestic demand in order to encourage imports and thus help defuse trade friction.

Although Mr Yasuhiro Nakasone, the Prime Minister, is enthusiastically urging his countrymen to buy more foreign goods, he seems to feel that the new import promotion programme should take precedence over any broader-based economic pump-priming.

At a lunch for foreign correspondents, he suggested there might be "some flexibility" later in the year but that the time was not ripe for immediate action, in spite of demands for such from Japan's major trading partners, especially the U.S., in the run-up to the Bonn economic summit next month.

Instead, he pointed to mostly private-sector public works initiatives such as the building of a new airport in the Kansai region of central Japan and the "urban renaissance" being carried out on some state-owned properties.

But this cautious approach has been attacked, partly for poltical reasons, by several leaders of the ruling Liberal Democratic Party.

Mr Susumu Nikaido, the LDP vice-president who has been previously critical that the Prime Minister has promised too much to the U.S., this week called for drastic changes in the existing austere economic policies.

Mr Kiichi Miyazawa, LDP executive chairman, and Mr Toshio Komoto, the Cabinet Minister in charge of external economic affairs, have also been quick to restate publicly their well-known "liberal" economic policy positions.

Mr Miyazawa warned that unless Japan took action, protectionist sentiment in Congress would get worse as the mid-term elections approached next year.

The split, however, is not merely confined to the politicians. Key parts of the bureaucracy, to whom fiscal austerity has been a byword in the 1980s, are clearly reluctant to abandon their commitment to reducing the Government's $60bn (£45bn) budget deficit and heavy debt load.

They also believe the economy, which expanded in real terms by 5.8 per cent in 1984 and which is expected to grow by about 4.5 per cent this year, does not need extra stimulus—barring the return of recession in the U.S.

This would appear to make the powerful bureaucracy a natural ally of the Prime Minister in the debate.

But Mr Nakasone has upset the civil service both generally, in his demands that it become less influential, and specifically, in his attack on the Ministry of International Trade and Industry's handling of car exports to the U.S.

Miti officials have spent the past few days "explaining" that the Prime Minister did not mean what he said last week about Japan being guilty of a "miscalculation" in its handling of the car exports issue.

Complicating the policy issue further is lack of agreement on what might be done to stimulate the economy. The classic Japanese response has always been to spend more on public works—though this is unlikely to have much impact on imports in the short term.

The problem with cutting taxes is that the trend of discussion inside the Government over the past two years has been in favour of a higher, though redistributed, tax load, most likely through the introduction of new consumption levies along Value Added Tax lines, perhaps by 1987.

MR NORMAN TEBBIT, Britain's Trade and Industry Secretary, has asked Mr Yasuhiro Nakasone, Japan's Prime Minister, to encourage Japanese Government purchases of British defence and aerospace equipment, Robert Cottrell reports from Tokyo.

Mr Tebbit (left), who arrived in Tokyo on Monday, met Mr Nakasone yesterday on the first working day of his five-day visit.

According to British officials, Mr Tebbit proposed to Mr Nakasone that Japan's Defence Agency buy British Harrier and Tornado military aircraft.

He also asked that the Government encourage Japan's civil airlines to buy the British Aerospace Bae-146 and European Airbus A320 civil aircraft.

Mr Nakasone "listened," according to British officials, but apparently gave Mr Tebbit no positive indication that such purchase would be made.

Apart from the meeting with Mr Nakasone yesterday, Mr Tebbit also met senior officials of the Keidanren, Japan's business and industry confederation, and of the ruling Liberal Democratic Party.

Mr Tebbit's main message, according to British officials, was that Britain, the European Community and Japan have a common interest in resisting the trade protectionism which is gaining popularity among U.S. Congressmen.

Mr Tebbit's argument was, an official said, that "the UK, Japan and the EEC are not well placed to sustain such a situation.

Finland seeks Soviet hard-currency deals

BY OLLI VIRTANEN IN HELSINKI

STAGNATION in the bilateral trade between Finland and the Soviet Union is leading to pressures to conduct some future deals in hard currency.

Finnish officials, led by Prime Minister Kalevi Sorsa, indicated at a recent symposium on Finnish-Sovie trade that Finns would like to undertake certain projects on a hard-currency basis.

Other ways to expand trade between the two would be through increased industrial co-operation and compensation deals.

At present bilateral trade is conducted on a barter basis. Finland pays for imports from the Soviet Union—of which 75 per cent consists of crude and another 10 per cent of other forms of energy—in exports of industrial products of the same total value.

The arrangement worked well for the Finns during the 1970s and early 1980s when oil prices shot up fast. Now, with prices falling, both parties are hard-pressed to find more imports—or more room for Finnish exports—from the Soviet Unin.

Last year, Finland's exports to the Soviet Union amounted to Fmk 15bn ($2.3bn), a drop of 17 per cent on the previous year. The Soviet Union accounts for one-fifth of Finland's total exports.

The hard currency option would open more opportunities for Finnish companies and would put them in the same competitive position with other Western exporters.

The Soviet Union has responded cautiously to the idea of using Western currencies. It would like to stick to the traditional way, although the Soviet vice-minister for foreign trade, Mr A. N. Manzhulo, has indicated willingness to consider other alternatives.

Financing of potential compensation deals is another sticking point in the trade. Both parties would be willing to engage in projects where Finnish companies would build turnkey mills and the Soviet Union pay for them in products from the mills.

Recent examples still under negotiation include a waste metal recycling plant and a number of forest industry mill projects. Finns insist that the interest rate used in the long-term payments would be on a par with those of international markets.

Soviet officials talk of an interest rate close to 7 per cent and suggest that the Finnish Government should compensate for the difference. Finnish officials have rejected the idea.

Swedes are reported to have offered Eurocurrency and Euroloans to Moscow, but there has been no response so far.

French groups win Saudi building orders

SAUDI ARABIA signed a 309m riyal (£71m) contract with Dumez, the French construction group, to build facilities in Riyadh's new diplomatic quarter, our Foreign Staff writes.

The state Saudi Pension Fund awarded the contract, to build housing for completion in 13 months, and a commercial centre in 20 months, a Saudi official statement said.

● Dragages et Travaux Publics, the French construction group, has won contracts worth a total of FFr 530m (£46m) from Saudi Arabia to build barracks for the Saudi National Guard.

The Hare Who Ran Away

by Marie Shedlock
illustrated by Elisabeth Frink

AS EVERYONE knows, in the Northlands it's too cold for lions. So since time began, the Elk has been the leader of the animals. And much has his leadership been needed. For instance, there was a little nervous Hare who was always afraid that something dreadful was going to happen to her. She was always saying: "Suppose the Earth were to fall in, what would happen to me?" And she said this so often that at last she thought it really was about to happen. One day, when she had been saying over and over again, "Suppose the Earth were to fall in, what would happen to me?" she heard a slight noise. It was really only a heavy fruit which had fallen upon a rustling leaf, but the little Hare was so nervous she was ready to believe anything, and she said in a frightened voice: "The Earth is falling in." She ran away as fast as she could go, and presently she met an old brother Hare, who said: "Where are you running to, Mistress Hare?"

And the little Hare said: "I have no time to stop and tell you anything. The Earth is falling in and I am running away."

"The Earth is falling in, is it?" said the old brother Hare in a tone of much astonishment; and he repeated this to his brother Hare, and he to his brother Hare, and he to his brother Hare, until at last there were a hundred thousand brother Hares all shouting: "The Earth is falling in." Presently the bigger animals began to take the cry up. First the Deer, and then the Sheep, and then the Wild Boar, and then the Bear, and then the Horse, and then the Cow, and the Wolf.

Now the wise Elk heard all this noise and wondered at it. "There are no signs," he said, "of the Earth falling in. They

must have heard something." And he stopped them all short and said: "What is this you are saying?"

And the Wolf said: "I remarked that the Earth was falling in."

"How do you know this?" asked the Elk.

"Why, now I come to think of it, it was the Cow that remarked it to me."

And the Cow said: "I had it from the Bear. And the Bear from the Wild Boar, and the Wild Boar from the Sheep, and the Sheep from the Deer, and the Deer from the Hares." And the Hares said: "Oh! we heard it from that little Hare."

And the Elk said: "Little Hare, what made you say that the Earth was falling in?"

And the little Hare said: "I saw it."

"You saw it?" said the Elk. "Where?"

"Away over there, by that tree."

"Well," said the Elk, "come with me and I will show you how...."

"No, no," said the Hare, "I would not go near that tree for anything. I'm so frightened."

"But," said the Elk, "I am going to take you on my back." And he took her on his back and begged the other animals to stay where they were until they returned. Then he showed the little Hare how the fruit had fallen upon the leaf, making the noise that had frightened her, and she said: "Yes, I see . . . the Earth is not falling in." The Elk said: "Shall we go back and tell the other animals?" And they went back. The little Hare stood before the animals and said: "The Earth is not falling in!" And all the animals began to repeat this to one another, and they dispersed gradually, and the words were heard more and more softly: "The Earth is not falling in, the Earth is not falling in, the Earth is not falling in," until the sound died away altogether.

Before she too departed, the little Hare spoke to the Elk: "I have learnt a great lesson today. To be true to your beliefs, you must have the courage to stand against the crowd."

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TECHNOLOGY

EDITED BY ALAN CANE

ADVANCED PRODUCTION ENGINEERING AT MARCONI

Inside tomorrow's factory

BY DAVID FISHLOCK, SCIENCE EDITOR

A TABLE-TOP model of a British workshop of the future, at Marconi Research Laboratories, has the designer seated at a control console, issuing commands which are instantly translated into instructions for every stage from raw material, through manufacture, to quality control.

Over the next five years, a team of about 40 drawn from two major companies and three universities aims to breathe life into this wooden model, and make it the world's first fully-integrated factory, making a new diesel fuel injection pump of about 200 parts under the guidance of a thinking computer.

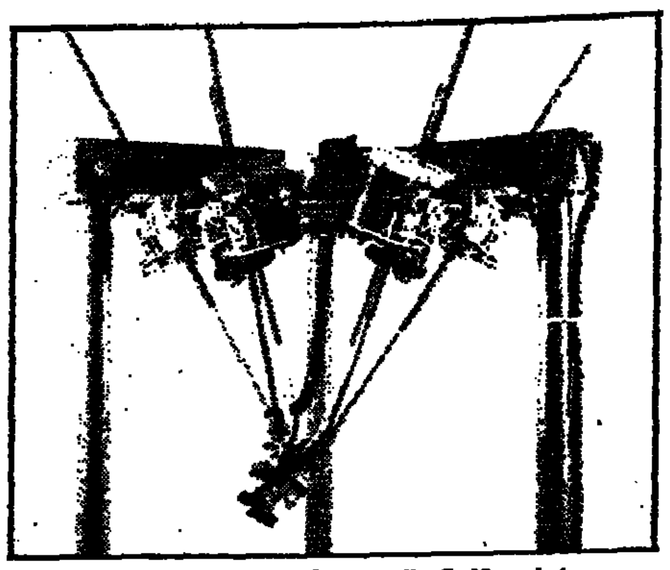
The target is not to eliminate people. They are too useful — "they can smell when something is wrong," says John Streeter, in charge of Marconi's contribution. Rather the target is to elminate a myriad present-day obstacles to implementing the smallest design change, the costly bottleneck in all batch manufacture today.

According to Streeter, a lot of the trouble is rooted in the fact that design and manufacture — one integrated process as practised by early craftsmen — became separated in the quest for mechanisation. The project aims to reintegrate design and manufacture in the highly automated workshop of the future.

It is one of four demonstrator projects funded under the Alvey programme of industry-university collaboration in advanced computer-based systems. Its principals claim it is the most ambitious — unlike the other three, the final demonstration cannot yet be precisely defined.

But the project assumes that Britain will continue to be a manufacturing nation, and that most of its business will continue to be batch manufacture. Its target is to develop a new batch-manufacturing principle using artificial intelligence to manage the operation — a principle which could remain "good for decades," Streeter believes.

"The difficulty with artificial intelligence is that a lot of people think it's for the birds," says Mr Brian Oakley, director of the Alvey programme. "Here we have some hard-headed firms."



Marconi's spectacularly versatile Gadfly robot.

Marconi Research Laboratories, part of GEC Research Ltd, invented the integrated factory idea, originally as a concept called "design. and make," for which they sought support from the Science and Engineering Research Council under its initiative in robotics. Under the Alvey programme the idea has burgeoned to embrace the entire manufacturing cycle, including a real product and automated product test and maintenance.

To fulfil the Alvey criteria, the project needed participants who would be potential makers and users of the system. Lucas-CAV volunteered to be the user. GEC Electrical Projects at Rugby, a system engineering and project management company with two decades of experience in factory automation, came in as would-be supplier. GEC Avionics is participating in automated maintenance.

On the academic side, the crucial connection is with Dr Robin Popplestone at Edinburgh University, an international authority in educating robots. In order to integrate design and manufacture he must bypass the engineering drawing. He must find a way of letting the design system talk directly to machines which cannot read drawings.

Leeds University will work with Edinburgh on geometric modelling of the design to the tolerances required to assemble a saleable product. Loughborough University will write the program which turns the design into a manufacturing process.

The National Engineering Laboratory finds a small role in calibrating the assembly robots. Loughborough has a second role in refining the man-machine interfaces throughout the factory. These interfaces, starting with the designer, will be vital to the success of this project.

Final responsibility for the £8.6m project scattered across nine sites rests with Alan Davies, engineering director of GEC Electrical Projects. A project management team of three headed by GEC's Mr Rex Tomlinson will co-ordinate progress. Each site has a single person who reports to this team.

The project is considered too ambitious to define the final form of demonstrator for 1990, so the first step is to build a pilot demonstrator for Lucas by 1987. One vital ingredient of this half-way stage will be Marconi's unique Gadfly robot, a spectacularly versatile assembly machine with a sense of touch far in advance of today's commercial robots.

Integrated with Gadfly will be computer-controlled machining, finishing, packaging, etc. Robot vehicles will fetch and carry, mapping their own routes between workstations and assembly cells, ensuring that all are kept fully loaded.

Lucas will judge the success of the project, says Alan Davies. It will want to pick up technology as fast as it is developed for a new factory making a new fuel injector. The crucial question for Lucas will be whether the system allows changes to the design to be translated swiftly into production.

Lucas is already at work specifying the product and the machining processes it believes it will need, working in co-operation with GEC's automation experts.

As Davies sees it, the demonstrator has four high-risk areas. One is the designer system, primarily the responsibility of Edinburgh University's artificial intelligence department. Another is the assembly system, sensor-driven and backed by some degree of artificial intelligence, for which Marconi is responsible. The third area of innovation will be the interface between the design and machining stages. The fourth will be grams.

As the Alvey directorate sees it, the demonstrator will advance the programme in four major sectors — intelligent knowledge-based systems (IKBS), image processing, speech processing, and parallel computer architectures. But Brian Oakley sees one further area of risk, common to all the demonstrator projects. This lies in the development of major software programmes — the "engineering" of software, a problem which lies at the heart of the most seriously delayed UK defence programmes, for example.

Data comms

Pictures by phone the handy way

A FACSIMILE machine—a gadget which transmits pictures over the telephone—no bigger than a portable typewriter is available from Dalton Corporation of Japan.

Called the "Shuttle Boy" it is said to be the only portable facsimile machine on the market.

It weighs 7 kg and operates off the mains or its own self-contained battery.

As the manufacturer points out, it could even be used over the radio telephone in a motor car travelling up the M1.

The machine is distributed in the UK by Logico Systems of Surbiton, Surrey.

Spectrometry

A greater accuracy

AN EAST GRINSTEAD company says it has achieved a new accuracy in secondary ion mass spectrometry.

SIMS is a powerful analytical technique that makes possible the detection of all elements and their isotopes even if they are only present in concentrations of a few parts per billion.

A beam of ions or neutrons is directed at the surface to be analysed; sufficient energy is transferred to the surface to "spatter" atoms into the environment. This ionised material is analysed by a quadrupole mass spectrometer.

VG Scientific of East Grinstead claims its Simslab 1[?] instrument will provide micro-focused ion beams with a lateral resolution of 500 Angstrom units. Semiconductors, metals, polymers, minerals and ceramics can all be investigated using the technique.

Foreign exchange

Split-second timing on profits

A CURRENCY market frequently neglected by foreign exchange and money market dealers because the calculations required are too cumbersome could be stimulated by a new piece of software developed by Helix of London.

Called "Opportunity," it is designed to calculate in seconds, among a host of other functions, medium-term rates for interbank trading.

Other functions in the package include money market rate inquiries, a calculator for forward interest rates and for currency basket calculations including a What If? option. "Opportunity" runs on the IBM PC and XT and costs £5,000.

MEDICINE

Ultrasonic aid for healthy living

BY PETER MARSH

ROUTINE SCANS to check whether people are prone to strokes—sudden blockages of the vessels that carry blood to the brain—may become possible with a new generation of ultrasound equipment.

With the hardware, physicians beam sonic waves on to the blood cells coursing through arteries. Computerised analysis of the reflected waves indicates the speed of the cells.

It also pinpoints fluctuations in flow caused by partial blockages in the vessels due to the build-up of fatty deposits or plaque.

Ultrasound sensors have been used for more than a decade, both as a diagnostic tool in hospitals (for example to check on the position of foetuses) and to spot cracks in materials in the engineering industry.

With new signal-processing techniques to interpret the waves reflected from the blood cells, doctors should be able to detect subtle changes in flow rates that may be the precursors of ailments such as strokes.

Blood channels through arteries at anything up to a few tens of centimetres a second. When the arteries become blocked, the velocity increases, in the same way as a river surges through a narrow gap.

According to Mr William Walker, managing director of International Medical Dynamics of Edinburgh, demand for blood-flow monitoring in hospitals falls into three areas. These are scanning of arteries in the neck for potential clots that may cut off the supply of blood to the brain, leading to strokes; examination of vessels in the heart to spot signs of malfunctions such as reduced pumping action; and investigation of the channels in the legs.

International Medical Dynamics, with a staff of eight, was set up two years ago with financial backing from the British Technology Group. It wants to commercialise work on ultrasound techniques developed at Bristol General Hospital, a teaching hospital of the University of Bristol.

Dr Robert Skidmore, head of the vascular laboratory at the hospital, is a scientific consultant to the Edinburgh company. The latter aims to sell its first products in the next few months. Based on Apple micro-computers, the company's monitoring machines will sell for about $10,000.

According to Mr Walker, health-care establishments buy blood-monitoring equipment worth $50m to $100m annually. The market is expanding quickly and is dominated by several small U.S. companies such as MediSonics, Carolina Medical Systems and Diagnostic Electronics. One such enterprise, Vital Science Corporation based in Denver, Colorado, is to sell the Edinburgh company's products in the U.S.

Another rival to International Medical Dynamics is a small British organisation, Sonicaid, of Chichester, West Sussex.

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EMPLOYEE OWNERSHIP

Bringing responsibility to shop floor

By Robert Oakeshott

WHATEVER else is true it is clearly more difficult to persuade employees to buy the companies for which they work than to manage the sale—or give away—to the public at large of shares in the same businesses. But the stunning success of last year's flotation of British Telecom (BT) should not blind us to the real benefits of employee ownership where that has been achieved, or to the fact that the same benefits are unlikely to result from the wider ownership of equity shares. In what follows I want to examine more closely what those benefits are and to suggest some modest measures which might be expected to give employee ownership a fairer wind.

But to begin with it is worth contrasting the success of Government policies to promote home ownership with the much more modest results of its employee ownership measures. At the latest count nearly 800,000 council houses and flats had been sold to their sitting tenants at bargain prices. That represents over 17 per cent of the total stock of council housing.

Those who prefer direct employee ownership, however, are not obliged to be uncritical supporters of the Government's drive to sell council housing to sitting tenants. But they are entitled to see it as evidence both of what can be achieved if the political will is there and of the extent to which the Government is prepared to substitute bargain prices for market ones when its own *political goals are at issue.*

They may also legitimately argue from the benefits of direct home ownership to the *benefits of direct, as against* indirect, employee ownership.

For no one in their right minds would argue for a policy which instead of selling their own houses to sitting tenants at bargain prices would have sold them blocks of shares in *some kind of extensive housing* corporation at similar discounts.

The long-term benefits of the Government's council house disposal policy comes not from its bargain prices, but in the attitude changes and the adoption of house-pround values to which it gives rise. You only have to contrast among populations of similar incomes the appearance of owner-occupied and local authority housing whether in the old *inner cities or elsewhere* to be sure of that.

Essentially these changes of attitude are related to the assumption of greater personal responsibility. It is easy to see why they appeal to Mrs Thatcher's values, whether we think of them, in her own formulation, as Victorian or whether they can be seen, more accurately, as reflecting her strongly Methodist upbringing.

It is chiefly the prospect that it will bring personal responsibility benefits inside the factory gates (as it manifestly does inside the owner occupier's front door) that attracts me to direct employee ownership. After all, the diffuse shareholdings of employees' pension funds, seem *so far to have made precious* little difference to traditional attitudes. But the point to be emphasised here is a more directly political one. Despite fairly consistent ministerial rhetoric in its favour, the Government has done nothing for employee ownership remotely comparable to its policy on council house sales.

It is true that most of the privatisation packages *introduced up to now have included* some provision for employee ownership as a kind of sweetener.

But the figures tell their own story. Sitting tenants who have bought their council houses or flats are estimated to have enjoyed discounts of roughly £7,000 on average. Typically they have been paying £9,000 for a property professionally *valued at £16,000. In other* words their sitting tenant rights have been worth not much less than a year's wages at mean current rates.

By contrast when British Aerospace was privatised its employees benefitted from a combination of free and discounted shares which were worth rather less than two weeks wages per head. It is true that the employees involved in more recent privatisations, notably those of Jaguar and BT, have benefitted from rather more generous offers of free and discounted shares. Even in these latter cases, however, the total values of these benefits have fallen below £500 per employee, or the *equivalent of less* than a month's wages. These facts speak eloquently for themselves. With one possible qualification, they suggest that employee ownership is marginal in the Government's vision of the future.

> The example of NFC seems to show that bold policies can product *significant* benefits

The one possible qualification to the Government's bleak record in this area was provided by its readiness to give a fair wind, in early 1982, to *the pioneering employee buyout* of the National Freight Consortium (NFC). Senior ministers have repeatedly commended that transaction ever since it took place.

But even here their rhetoric is in marked contrast to their actions. For they have stubbornly refused to extend beyond its present 12 months time limit the interest relief which *is available to NFC's employees* who take out loans to buy shares in it. The effect of this limitation is that only those who borrowed money to buy NFC's shares between February 1982 and February 1983 can claim interest relief on their interest payments. The balance of the original workforce, together with all new recruits, are treated as second class citizens in this respect.

The easing of this restriction is one obvious modest measure which supporters of employee ownership could bring forward as an amendment to the Finance Bill when it goes into standing committee. It is not only perverse, it is also discriminatory that present rules prevent *National Freight from taking* advantage of the existing employee share ownership legislation. Moreover it seems absurd, whether or not any tax benefits are available, that a company like the Baxi Partnership, which is owned by a combination of its individual employee partners and an employee trust, cannot qualify as an employee controlled company.

Of course, a Government with real courage and vision would do much more. For example it could, in cases of privatisation, offer benefits to existing employees much closer to those which it has been happy to confer on council tenants. Alternatively, following a suggestion of Martin Weitzman in his much discussed recent book, The Share Economy, it could offer medium term income tax advantages to employees in employee owned firms. But before any such radical approaches could even be considered Ministers would need to trust the shopfloor with a *significant measure* of employee ownership. Up to now they have been unwilling to do so. But, to be fair, the record of neither the unions nor the institutional investors is any better in this respect.

Looked at in this way we are clearly confronted with something of an impasse. For on the one hand advocates of employee ownership must finally rest their case on the belief that employees who become owners of their businesses, like council tenants who become owner occupiers, will behave more *responsibly as* a result. Yet, on the other hand, the Government, if the earlier analysis makes sense, is unwilling to trust the shopfloor with that responsibility. The same applies both to the trade unions and to the investment institutions.

Yet the example of NFC seems to show that bold policies of employee ownership can produce significant and measurable benefits. The company's latest results show trading profits up from £11.2m to £23.3m between 1982-83 and 1983-84—an increase of more than 100 per cent.

Two further points should be made, particularly for the benefit of trade union sceptics. In his chairman's report Sir Peter Thompson drew attention to the fact that "total staff numbers increased in 1983-84 after a long year's decline" and he highlighted "a reduction in redundancy as a result of a vigorous management policy making this a solution of absolute last resort." Of course in a basically market environment no firm can offer the categorical guarantee of employment security. But an employee owned business is likely to go further in this direction and to be more successful at it than its conventional counterpart. Are we in danger of failing to read the lessons of an experiment which is taking place not in the social environment of the Basque country or far away in Japan, but right under our noses?

The author is Executive Director of Job Ownership, which has a consultancy agreement with NFC.

INTERNATIONAL CAPITAL MARKETS

Peter Montagnon in London and **Robert Cottrell** in Tokyo explain why Japan's currency is so little used at present in international markets

The yen has yet to make its mark in the world

WHEN JAPAN and the U.S. announced their agreement last May on the liberalisation of Japan's financial markets, Mr Donald Regan, then U.S. Treasury Secetary, could not resist a touch of hyperbole.

It was, he said, an accord that would make the yen "an international currency on the same footing as the dollar, the pound and the West German D-mark, to be held as a reserve currency, a currency that will be used in international transactions by both exporters and importers."

Nearly a year later, several far-reaching measures have been introduced to open up the offshore market in yen. Under the latest round, which took effect this month, banks have become free to engage in medium- and long-term lending in Euroyen and the range of borrowers eligible to tap the Euroyen bond market has been expanded. Yet the longed-for internationalisation of the currency remains elusive. Trading in Euroyen is thin; its use in international capital market transactions is narrow; and there has been little if any tangible impact on the level of yen interest rates or on its performance in exchange markets.

In short, anyone who hoped that last May's agreement would change the face of the Euromarkets overnight has been rudely disappointed. The yen still lags way behind other major currencies in its share of world financial transactions. At best, bankers say, it will be a long time before it ever catches up. Meanwhile, few, as they comb the market for new opportunities in today's less regimented regime, are expecting more than a modest increase in the use of the yen over the near term.

It is one of the paradoxes of modern finance that Japan, the second largest economy in the world and a country that is well on the road to becoming the world's largest creditor nation, should have a currency so little used in international markets. According to the Bank for International Settlements the yen had a share of less than 2 per cent in the $1,019bn Eurocurrency market as of September last year. Three-quarters of this market is made up of dollars, but the yen's share is tiny, even when compared with the D-mark at 12 per cent, and the Swiss franc at 5½ per cent.

The agreement between the U.S. and Japan was supposed to change all that. The U.S. idea was that the creation of new opportunities for foreigners to invest in yen would increase trading in the currency. Gradually the market would acquire such depth that it could no longer be freely administered by the authorities in Tokyo. The development of an offshore market would create opportunities for arbitrage with the cloistered domestic market. As a result, interest rates, both Euro and domestic, would have to reflect economic fundamentals more closely, and, more importantly, the value of the currency would rise as the market finally accounted for Japan's large trade surplus with the rest of the world.

"Our chief avenue for near-term progress," says Dr David Mulford, assistant U.S. Treasury Secretary for International Affairs, "was the Euroyen market, which, though founded in 1971, remained in its infancy." But what had apparently not been reckoned with was the possibility that behind all the talks there was no market waiting to burst out of its shell in the near term.

Japanese bankers in London squirm at the thought of admitting publicly that the Euroyen market has been a disappointment so far. Privately, however, many concede that it has been far harder than expected to find customers willing to borrow yen.

There are two main reasons for this. First the yen has traditionally been underused as a vehicle for financing Japanese trade. Only 40 per cent of Japanese exports are invoiced in domestic currency, compared with 90 per cent for the U.S. and 60 per cent to 85 per cent for the exports of major European countries. On the import side, the figures are even more striking—a mere 3 per cent for Japan compared with 70 to 85 per cent for the U.S. and 30 per cent to 45 per cent for the main European countries.

That means that few borrowers have underlying reasons for raising yen finance. Most corporations or countries considering yen financing have to weigh up its advantages against other currencies, many of which carry higher interest rates. But here a second obstacle comes into play. Many borrowers are worried about the exchange rate risk, and this concern has increased since the dollar began to fall in early March. If the yen does appreciate, debt service will become more costly to anyone who has borrowed Japanese currency.

This, Japanese bankers explain, is one of the main reasons why the latest round of liberalisation has met such a muted reception from the market. In what in other circumstances would have been greeted as a major structural change, Japanese banks were permitted from April 1 to lend Euroyen for periods longer than one year, opening the door to a fully fledged Euroyen credit market. But only one major deal has been announced so far, a Y100bn credit led by Sumitomo Bank for Sweden. Paradoxically, even that has received a lukewarm response, with other Japanese banks apparently upset at the low ⅛ per cent margin over Euroyen rates.

In the bond market, the realisation that there is little natural demand for yen loans from borrowers goes back further—to last December, when the Euroyen market was opened up for the first time to corporate borrowers. Issue managers, in their excitement, rushed to the market with new bonds. During the first two months alone, 22 issues were launched with a total value of Y479bn, exceeding the Y430bn raised from the market during the entire seven years of its previous existence, when only sovereign and supranational borrowers had been permitted to use it.

But experts say the proceeds of 18 of the issues were swapped into other currencies. "It soon became clear," says Mr Joan Beck, executive director at Credit Suisse First Boston, "that there were very few natural takers of yen."

The swaps, he argues, undermined the opening of the market. They are the real source of profit in such transactions, but to make them work the terms on the fixed rate yen bonds needed to be very aggressive. Potential investors were deterred, and as most of the new issues fell to large discounts in the secondary market, the new issue business slipped into the doldrums from which it has barely recovered.

Mr Beck is scathing about the market in yen certificates of deposit (short-term borrowing by banks backed by negotiable paper) which was also opened last December. "Unfortunately," he says, "most banks saw the opening of the Euroyen CD market as a golden opportunity for publicity rather than financing, and the first day saw a flood of issues, quite often at levels that did not correspond to market demand. The market has shown only sporadic life since."

What really needs to happen now, bankers argue, is the opening of the Euromarket to natural takers of yen—and that means Japanese borrowers themselves. In the bond market, this has happened since April 1, with the lifting of the 20 per cent interest withholding tax payable previously by Japanese residents borrowing in the Euroyen bond market. That has opened the door to a spate of convertible issues by Japanese companies, which in the main have been snapped up by investors. Sony launched a Y30bn issue, while a Y20bn issue for Fanuc, which makes machine tools and industrial robots, saw its coupon cut to 1⅞ per cent from an indicated level of 2 per cent because of heavy demand.

In the Eurocredit market, this type of liberalisation is rather more difficult. Japanese residents are still not allowed to raise Euroyen bank loans of more than one year, and though this restriction is expected to be lifted eventually, there are fears that the proliferation of yen Eurocredits for Japanese borrowers could undermine the complex structure of Japan's own banking industry.

In particular, it would threaten the business of the three big long-term credit banks, Industrial Bank of Japan, Long-Term Credit Bank and Nippon Credit Bank. These do not have a big branch structure, and are forced to fund themselves in the wholesale markets at higher costs than other banks, making long-term loans at a rate based on the long-term prime rate, currently 7.7 per cent. Until now this has been one of the key benchmark rates in the Japanese financial system, but it is seen as acutely vulnerable in the new market structure.

Euroyen rates are much lower, ranging up to 6½ per cent for periods of one year. So the development of the Euroyen credit market could put downward pressure on the prime rate, imposing a squeeze on the long-term credit banks.

But the Euroyen's slow start, coupled with an easing of U.S. official pressure does not mean, however, that liberalisation is slowing, still less ending. The initial U.S. impetus was useful in overcoming resistance from Japan's bureaucratic reactionaries and special interest groups. Japan's banks, brokers and regulators have since accepted enthusiastically the proposition that their financial system is in a period of change and are pushing that change along by jockeying to improve their own relative positions.

The Japanese Ministry of Finance (MoF) has its own big plans for the Euroyen which owe nothing to last year's U.S.-Japan working party report. The MoF believes a Euroyen market centred on London is an interim state of affairs. MoF's view is that the centre of the Euroyen market should be an offshore banking facility in Tokyo itself.

MoF's espousal of this proposition is, by Japanese standards, audacious. Officials at the Bank of Japan have made little secret of their opposition. The central bankers have two related arguments against the offshore market:

- Leakage into the domestic yen market will undermine monetary control;
- If Japan wants to attract more international yen transactions to Tokyo, it should further liberalise the domestic financial system, instead of establishing a parallel offshore market.

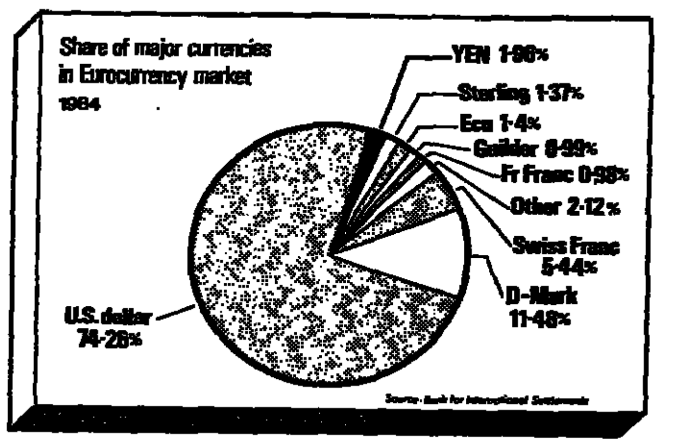
The attractions of offshore banking to the MoF are several, not least that it is essentially an MoF idea. Offshore banking in Tokyo would save big Japanese banks spending a lot of time and money maintaining top-notch staff in London to handle Euroyen business. It would open the Euroyen market to Japan's many small banks, which cannot afford overseas offices, but the stability and prosperity of which are of particular concern to MoF banking regulators.

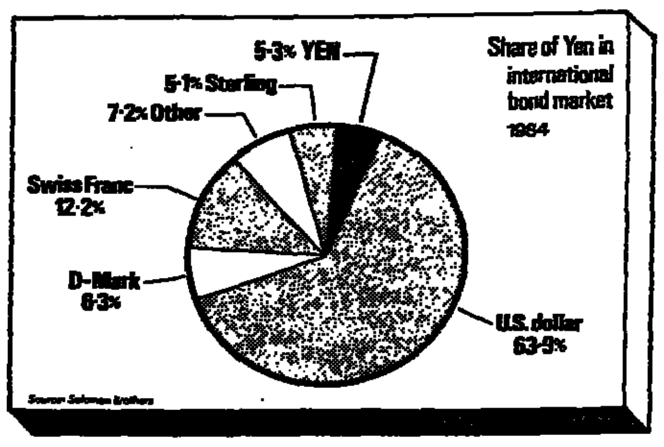
Offshore banking in Tokyo would bring Euroyen transactions closer to the most logical group of Euroyen lenders and borrowers—Asia-Pacific countries enjoying strong external economic links with Japan. A "yen area" is apparent in the pattern of the currency's use for trade finance. Despite its general reluctance to bill foreign trade in yen, just over half Japan's trade with countries in South-East Asia is yen-denominated. Development of Tokyo as an offshore financial centre could hurt Hong Kong and Singapore, the more so if the new Tokyo market became the regional centre of Eurodollar, as well as Euroyen, financing.

What is meanwhile incontrovertible is that Japan's largest export nowadays is money. The country's net outflow of long-term capital totalled $50bn in 1984, comfortably ahead of, for example, the $32bn worth of automobiles, or the $6bn worth of video tape recorders, which it shipped overseas last year.

With an outflow expected to be even higher in 1985, Japan has become the driving force in international finance. That may mean that in the long term the development of a fully fledged Euroyen market is inevitable. It also means that Japan itself is very much in a position to dictate the speed and the way in which this happens.

"After all," says one London-based banker, "Japanese banks are the ones with the money. If they say it has to be lent in yen, then that's what their customers will have to take."





Bombay share prices rebound

BY R. C. MURTHY IN BOMBAY

SHARES ON the Bombay Stock Exchange, India's biggest, have bounced back after restrictions on trading were relaxed at the weekend, and major companies have posted substantial gains.

The authorities had suspended trading after share prices soared on India's principal stock markets, following the March 16 budget, which was considered highly favourable to industry and to domestic savers. Last week, share prices retreated as the restrictions on trading started to bite.

The weekend relaxations permit brokers to make fresh commitments provided cash is deposited with the authorities. Shares of 12 of India's leading companies which are considered volatile attract 10-20 per cent cash margins, while the deposits required on other companies' shares range from 3 to 5 per cent.

The All-India Share Index of the Economic Times, India's main business newspaper, surged 7.1 points to a peak of 344.4 points on Monday and was poised to rise further.

The renewed bullish sentiment is attributed to the liberalised import policy announced last week and to an improved forecast by the blue-chip Century Spinning and Manufacturing Company, owned by the Birla group.

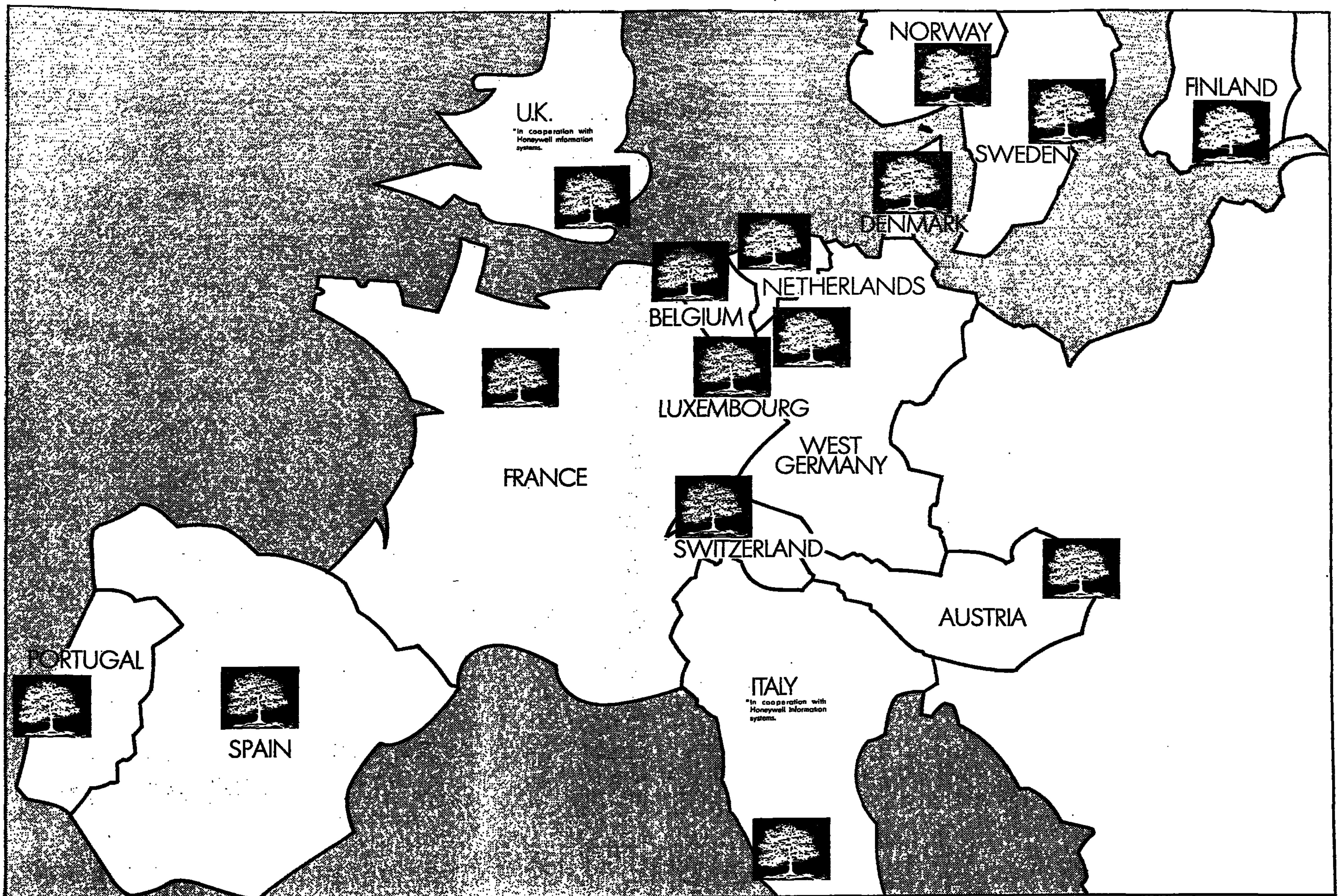
Mahindra's margins under pressure

BY OUR BOMBAY CORRESPONDENT

COMPETITION in the light commercial vehicle market has hurt profit margins of Mahindra and Mahindra (MM), a leading Indian auto and tractor producer. Sales rose 18 per cent to Rs4.19bn ($330m) in the year to October 1984, but pre-tax profits increased 7.4 per cent to Rs 163.4m from Rs 152.2m the previous year.

The company is paying dividend of 18 per cent on a capital base enlarged by an issue of two bonus shares for every three shares held last year. It was an effective 30 per cent against 20 per cent.

Mahindra and Mahindra is a diversified company producing tractors, jeep-type vehicles, steel products and instrumentation. Mr Keshub Mahindra, MM's chairman, foresees an intensification of competition following liberalisation of the government's policy to allow flexibility in the production of commercial vehicles and passenger cars.



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BULL offers integral, open solutions tailored for specific sectors:

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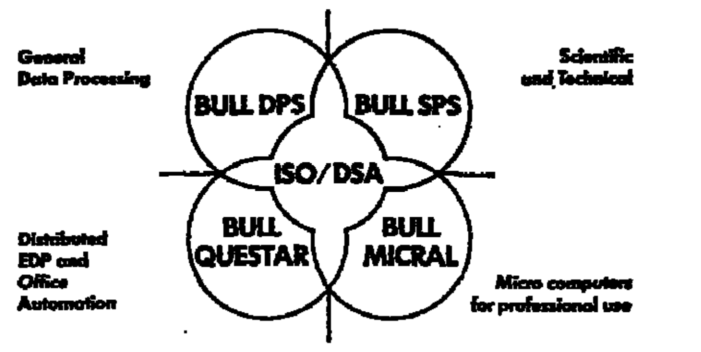

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BULL's commitment to Europe is total. It is involved in 17 projects in the Esprit program, set up by the European Commission to aid International cooperation in information technology, and is taking a leading role in two of them.
One of these, the Esprit Information Exchange System, or EIES, in conjunction with GEC, ICL, Olivetti and Siemens, is a communication network for participants of Esprit. The second project is for the joint development of software engineering with the same group of companies as EIES, plus Nixdorf.
BULL is cooperating with other European companies to develop a unified set of standards. At the instigation of the European Commission, the twelve leading European information technology firms, AEG, BULL, CGE, GEC, ICL, Nixdorf, Olivetti, Philips, Plessey, Siemens, STET, and Thomson have formed the Standards Promotion and Applications Group, SPAG and have agreed on a common set of standards (OSI) for interconnecting their system. Another agreement involving six major firms (BULL, ICL, Nixdorf, Olivetti, Philips and Siemens) resulted in the formation of the Open Group for Unix System, for developing a common application software environment.
BULL's deep seated commitment to Europe doesn't end there. At the beginning of 1984 the European Computer Research Centre, ECRC, created jointly by BULL, ICL and Siemens, opened its doors in Munich. Its activities are intended to enhance the future competitive ability of the European information technology industry. The centre's field of activity covers the technologies needed to improve the process of machine assisted decision making.
At International level BULL has also built up a long-standing agreement with Honeywell, a deal with Ridge for the development, production and marketing of a range of scientific super minis, a technical agreement with Convergent Technologies for distributed EDP and office automation, and an arrangement with NEC which will lead to the introduction of a very large data processing system in order to complete its DPS 8/88 range running under BULL GCOS 8 operating system.

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UK NEWS – THE FINANCE BILL

CAPITAL ALLOWANCES

Restructuring goes a stage further

THE revision of the capital allowances system, which includes the phasing out of the higher rates of initial and first year allowances, is taken a stage further in this year's Finance Bill. As previously announced, the Bill contains provisions enabling writing down allowances for expenditure on machinery and plant to be claimed when expenditure is incurred rather than when the equipment is brought into use. This will ensure that some alowance continues to be given immediately once first year allowances disappear. However, to prevent allowances being claimed on equipment which has yet to be used and which may or may not be used solely for busines purposes, it will now be necessary to show that the expenditure is incurred "wholly and exclusively" for the purposes of the business, which may in fact act to restrict allowances in certain areas.

The Finance Bill also deals with aspects of the capital allowances system that have given rise to difficulty in recent months: short life assets, the date expenditure is incurred and allowances for fixtures in buildings.

Short-life assets: As a result of the restructuring of the system, the cost of certain short life equipment would not have been fully relieved until some time after it had been taken out of use. To meet this objection, provisions are now introduced, to take effect from April 1, 1986, enabling the expenditure on such an asset to be written off separately from other assets. The expenditure on it will qualify for annual writing down allowances at the normal 20 per cent rate on the reducing balance of expenditure but the disposal or permanent withdrawal from use of the asset will then give rise to an adjustment of the allowances, so ensuring that the net cost to the taxpayer of the asset is fully relieved over its working life.

The separate treatment of the expenditure in this way may only last for a maximum of five years. Should the asset continue in use at the end of that period, the balance of the expenditure is transferred back into the main pool of expenditure on all other assets.

The provisions cannot be used for assets, such as ships or cars or leased assets, but otherwise a person may elect to deal with the expenditure on any asset separately if it is of advantage for him to do so. While this provides a significantly greater degree of flexibility, it adds to the growing complexity of a system which until the abolition of 100 per cent allowances was a refreshingly straight forward part of the tax system.

A Parliamentary written answer in March 1984 revealed a difference of view as to when expenditure was "incurred" for the purposes of capital allowances. Normal practice had been to treat as incurred in a period any expenditure which was properly brought into the fixed assets' account. This would include amounts invoiced before the year end but paid, or payable, thereafter. The Financial Secretary to the Treasury indicated in the written answer that the Inland Revenue did not regard expenditure as incurred until it was actually paid, or the credit period allowed under the terms of purchase had expired, so that the vendor could take legal action to enforce payment. This was contrary to widespread practice and, following consultations, it was announced that the rules for capital allowances purposes would be brought into line with normal accountancy practice.

> A significantly greater degree of flexibility, but it adds to the complexity of what was once straightforward

The Finance Bill now provides that expenditure is incurred on, and allowances will be given by reference to, the date on which the purchaser has an unconditional obligation to pay for the asset, even though he does not make and cannot be required to make payment until a later date.

To prevent the time at which expenditure qualifies for allowances being advanced under artificial arrangements, the new rule will not apply where the requirement to pay does not arise until more than three months after the unconditional obligation to pay is incurred. The same is true if the obligation to pay becomes unconditional on a date earlier than that which accords with normal commercial usage, so that a tax advantage is obtained. In both these cases, the expenditure will only be taken as incurred on the date that payment can be required to be made, even, it seems, if payment is actually made before then.

The new rules apply not only to allowances for machinery and plant but also to allowances in respect of industrial and other buildings. They are of particular importance at the present time as they will determine not only the period in which relief for capital expenditure is given but, at a time when the rates allowances are being reduced, the amount of relief that is available.

Fixtures in buildings: Under the present capital allowances system, allowances for expenditure on machinery or plant are only available if the person who incurs the expenditure also owns the equipment in question. Where equipment was installed in a building and became, as a matter of law, part of the building, problems could arise as the person paying for the installation might not own the building; he might merely have a limited interest, for example, as a tenant. Nobody might then be entitled to allowances for the exyrtidnepeu. cmamb acmbac expenditure.

For many years the Inland Revenue adopted a concessionary practice to avoid these difficulties, but following a decision of the courts early in 1984, this practice was no longer tenable. Action to remedy the position was promised by the Financial Secretary to the Treasury in July 1984 and draft legislation was published by the Inland Revenue in December.

The proposed legislation now contained in the Finance Bill reflects some but by no means all of the comments made on the draft legislation. The provisions should ensure that expenditure on equipment installed in a building as a fixture qualifies for allowances.

The person entitled to those allowances will normally be the person who incurs the expenditure, provided he has an interest of some sort in the building. A financial lessor may also, however, be entitled and this gives effect to the original assurance given last July (but omitted from the December draft legislation) that such lessors would be covered.

The proposals deal with a variety of situations that may occur for example, where a developer instals equipment and then leases the building for a capital payment and where the building or an interest in it is sold for a price which reflects the value of the equipment installed in it.

The provisions are by no means straight forward and may still give rise to problems in the context of particular developments. Once enacted, however, they will in general resolve an issue which has over recent months presented considerable difficulties in the arrangement of commercial developments.

Malcolm Gammie is Director of National Tax Services at KMG Thomson McLintock.

Malcolm Gammie

CAPITAL GAINS TAX

Pooled assets move will hit many long-term investors

THE FINANCE BILL proposals for extending the capital gains tax (CGT) inflation adjustment provisions will mean substantial increases in the tax bills of most investors who sell assets held for many years.

This is the effect of the reintroduction of most of the rules for pooling shares and other assets that applied before 1982.

Schedule 16 of the Finance Bill also partially closes one loophole which would have permitted stock market investors to claim inflation indexation relief on assets held for just one night.

A provision in the Bill denies indexation relief to assets which are bought and sold within a period of 10 days. This is aimed at preventing investors from buying shares, bonds or futures contracts on the last evening of a month in which the Retail Price Index has risen sharply and selling them back the next morning, in order to claim a full month's indexation relief.

The effect of this provision will be to limit this form of tax avoidance to holding assets for as long as a month and a day and then claiming two months' indexation relief. There appears to be no great significance in the period of 10 days specified in the Bill. But a much longer period would have undermined the force of the concession announced in the Budget.

The bulk of the detailed CGT provisions in the Finance Bill are concerned with the rules for identifying and pooling assets of the same class, for example shares in ICI, which have been bought and sold at different times. Many of the complexities of the partial indexation provisions which applied from 1982 to 1985 are to be removed so that assets of the same class acquired after March 1982 can be pooled and treated once more as a single asset. The distinction in the treatment of small private investors and institutions, drawn in 1983, will be abolished.

However investors will still be obliged to keep in a separate pool assets acquired before April 1982—and maintain a third pool of any assets acquired before the introduction of CGT in 1965.

The most serious adverse consequence of these changes is the repeal of the last-in-first-out rule for identifying the acquisition dates of assets sold out of a pool. The pre-1982 first-in-first-out rule now returns. This means, for example, that an investor who sells 10 per cent of his ICI shares after April 6 this year out of a block of shares acquired in stages since 1965 will now be deemed to have sold his 1965 shares first, and the others in order of acquisition. Thus his taxable capital gain will normally be larger than if he could have sold his 1984 shares first.

This change has been introduced to encourage investors to clear out of their portfolios shares held for many years so that in future only assets acquired after March 1982 and fully subject to the indexation relief will appear in their portfolios. But it may have the opposite effect in that the extra tax charge will further deter the sale of long-held assets pregnant with capital gains.

For assets which are held on a non-pooled basis, the 1982 identification rules still apply. So the practice of bed-and-breakfasting, which involves the sale and buy-back of shares overnight to crystallise a capital gain (or loss) for tax purposes, is still made ineffective unless the transactions are performed over a Stock Exchange account.

Clive Wolman

VALUE ADDED TAX

New penalties for late payers

CUSTOMS officers will for the first time be able to charge interest from traders who are late with their payments of Value Added Tax, as the Finance Bill puts into effect plans to modify Customs enforcement powers.

The Bill incorporates the proposals for reforming the collection of VAT put forward by a committee under the chairmanship of Lord Keith of Kinkel.

The committee bagan in 1980 to study the enforcement powers of both the Customs and Excise and the Inland Revenue, but its proposals on the Inland Revenue have yet to be pushed forward into legislation.

The new measures are aimed at reducing the amount of VAT paid late. Customs and Excise estimates that at any time around £1.5bn of the tax is overdue, nearly one month's gross VAT payments.

By charging interest on late payments and imposing automatic penalties on persistent late payers and defaulters, the new legislation will, Customs hopes, halve this amount.

The principle put forward by the Keith Committee was that "commercial restitution" should be made for most offences which fall short of criminal acts. That is, the Treasury should be compensated for late payments and underdeclarations of tax by receiving interest, rather than having to take action in the criminal courts.

The Committee reported that only about 60 per cent of traders liable to VAT made their returns to Customs within a month of the date their payment was due. By contrast, 95 per cent of employers paid their PAYE income tax liabilities within a fortnight of the due date.

Less than 4 per cent of the national PAYE tax bill is paid more than a month late, while over 7 per cent of the VAT bill is this late.

Cutting into this backlog is expected to improve revenue flow by £50m in 1985-86 through more accurate and increased assessments on taxpayers who persistently fail to furnish VAT returns; boost revenue once and for all by £600m up to 1988-89, through reduction in VAT arrears; and yield surcharges, interest and penalties rising eventually to more than £150m a year.

The Finance Bill also provides for a range of civil penalties for VAT offences. At present, Customs has to prosecute VAT defaulters through the criminal courts, and has no milder sanction for less serious offences.

With repeated late payments, penalties will start at 5 per cent of the tax due. For each further VAT accounting period during which the taxpayer defaults, the penalty can rise in 5 per cent steps to a maximum of 30 per cent.

Similar penalties will be applied to the new offence of serious misdeclaration. This covers those who repeatedly underestimate their VAT bills, or whose declarations are more than 30 per cent under the true total.

An automatic charge of 30 per cent of the tax underpaid will be levied in these cases, unless the taxpayer can convince the Customs commissioners or a VAT appeal tribunal that the misdeclaration was not deliberate. The penalty may also be reduced if the taxpayer voluntarily co-operates without knowing that he is under investigation.

This category of offence was suggested by the Keith Committee under the label "gross negligence." It replaces the offence of "wilful default," and avoids the need to prove deliberate dishonesty in cases of serious and consistent late payment.

The enforcement powers proposed in the consultative document published last November have been softened. Taxpayers may plead due diligence and reasonable excuse as statutory defences against the levying of civil penalties.

The arithmetical criteria for judging that serious misdeclaration has taken place have been stiffened.

The measures to improve VAT collection are the first sections of the Keith report to be put into effect. Its proposals covering the Inland Revenue are to form the basis of a Treasury consultative paper later this year, and are expected to be included in next year's Finance Bill.

The Keith Committee's latest volume was published in February, and covers duties other than VAT that are administered by Customs and Excise.

George Graham

'BOND-WASHING' PROVISIONS

How anti-avoidance will work

SEVEN WEEKS ago the Chancellor made a surprise move to counter the practice of "bond-washing" by which investors in Government securities and other bonds seek to avoid the payment of income tax on their returns by converting them into capital gains.

The Finance Bill, from clauses 69 to 73 and schedules 19 and 20, spells out how the anti-avoidance provisions will work when they take full effect from February 28 next year.

It also details the transitional arrangements which apply from February 28 of this year.

Stocks which are sold after February 28 next year will be fully subject to the new tax regime regardless of when they were bought. Under the new rules, all accrued interest will be treated as if it had been received in the form of dividends and will be taxed as income.

However, to avoid the double taxation of the returns from holding bonds, the accrued interest element, which is subject to income tax, will be excluded in any computation of capital gains tax (CGT), according to the Finance Bill. Conversely, the investor who purchases a bond and obtains income tax relief on any accrued interest at the time of his purchase will be accorded a lower base value on which his capital gain (or loss) will be calculated.

In effect, the price for CGT purposes will always be the "clean" price.

These adjustments, however, do not apply to the transitional period for the new legislation. So investors who fail to time their bond purchases and sales properly over the next ten months could be subject to double taxation.

The Finance Bill provisions are also designed to avoid the double taxation of bonds held over the February 28 cut-off point when investors may be caught by both the transitional arrangements and the new regime. The Bill specifies complex identification rules to exclude from the transitional rules securities purchased during the course of the year to February 28, 1986.

Further relief from the transitional rules is granted to investors who receive some of their returns from bonds in the form of dividend income. The Finance Bill provides that income tax will be imposed only on accrued interest which is greater than 110 per cent of the dividend income actually received.

The rules allow all an investor's holdings to be pooled together so that he may escape a tax charge under the transitional rules even if from one particular bond he has received only accrued interest and no dividend income.

Exclusions from the transitional rules are granted to several categories of investor. These include small investors whose securities have a nominal value of £5,000 or below at all times in the year to February 28, 1986. Married couples count as one person for this purpose.

Other excluded categories are financial traders, non-residents, unless they trade in the UK through a branch or agency, and individuals who die during the year.

Similar exemptions are to be granted from the final post-February 1986 rules.

The Finance Bill also contains detailed provisions as to how the new rules will apply to insurance companies in their different categories of business.

Clive Wolman

EEC SECURITIES

Equal footing with other institutions

TAX TREATMENT of securities issued by the European Economic Communities is to be put on an equal footing with securities of other international organisations such as the World Bank under terms of the Finance Bill published yesterday.

In particular, the Bill will allow the EEC itself to issue securities in the UK on more or less the same terms as these other institutions. The EEC is an occasional borrower in international markets but does not raise funds as regularly as other Community organisations such as the Coal and Steel Community and European Investment Bank.

No specific tax exemptions were provided for the EEC itself when Britain joined the Community and this year's Bill attempts to clear up the anomaly, though unlike the World Bank and indeed the EIB, Euratom and ECSC which rely on 1976 legislation, it will still not be able to pay interest gross to residents.

Section 126 of the 1984 Finance Act enables the Treasury to grant by order specified tax exemptions from income tax, capital transfer tax, capital gains tax and stamp duty for securities issued by an international organisation where the granting of the exemptions was a condition of the UK joining the institution.

The purpose is to ensure that no country's revenue authority benefits particularly because the institution concerned chooses to issue securities in its territory rather than elsewhere. Such exemptions have long been a requirement of organisations such as the World Bank and regional development banks.

Now the exemptions are to be formalised for the EEC institutions too.

Where stamp duty is concerned, the exemption for the EEC has been widened to include registered instruments. Under the terms of existing legislation only the transfer of bearer instruments issued by the EEC has been effectively exempt from stamp duty.

Peter Montagnon

BUSINESS EXPANSION SCHEME

Help for research and development and a loophole is closed

YESTERDAY'S Bill throws more light on two changes to the Business Expansion Scheme unveiled in last month's Budget.

The exclusion of property developers is designed to close a loophole which fund raisers had begun to exploit in a big way, while the inclusion of research and development companies is designed to open up one area in which the Government had feared the BES was being over-restrictive.

The barring of property developers was a widely expected reform, judging by the sheer number of property groups which scrambled to raise BES equity in the months before the Budget, spurred on by a fear that they would suffer the same fate as farming ventures, which were cut out of the BES in the 1984 Budget.

Property developers under the BES raised an estimated £50m to £60m in the tax year just ended, which compares with the £44m pulled in by BES funds—normally the most popular kind of investment under the scheme—during the same period.

When the BES was launched two years ago, it was designed to attract investors into unquoted trading companies by allowing them to offset the cost of investments up to £40,000 a year against their top marginal rate of income tax. Relief only applies to shares held for five years.

Companies *dealing* in land or property or earning a substantial portion of their profits in the form of rental income have always been barred from the BES. This rule has now been toughened to exclude property developers where the company concerned has an interest in the property or land being developed. This applies to shares issued after Budget day.

Construction companies or builders who undertake property development as contractors on behalf of the owners will still be allowed into the BES, as will hoteliers who need to develop or build on land to carry on their trade. The spirit of the new regulation is to exclude from the BES anybody who buys land with a view to making a profit from disposing of it.

Less expected was the Budget announcement that the BES would be opened to research and development ventures, a change which will be a particular boon to the burgeoning computer software industry. R&D companies have never been specifically barred from the scheme, though they have been cut out in practice by a rule debarring groups reliant to a substantial extent on royalty or fee income.

The Government feels that R&D companies should be a special case, and yesterday's Bill will allow them to raise BES equity so long as their research is intended to produce either an invention which is capable of being patented or a computer. The change applies to shares issued after April 5.

Yesterday's announcements invite the question of what will be the next loophole in the BES to be exploited by the City's more creative brains. At least two quoted groups have already suggested the answer by using the BES to raise money for associates, in which they hold minority share stakes but have effective management control—thereby cutting across the scheme's intention to assist unquoted ventures to raise equity finance.

However, more radical changes are unlikely until the Government has received a report into the BES commissioned by the Inland Revenue from accountants Peat Marwick Mitchell, due to arrive in the late autumn. Whitehall might even wait until the end of the life of the present BES—itself a derivative of the earlier Business Start-up Scheme—in April 1987 before considering any drastic remodelling.

William Dawkins

STAMP DUTY

A tidying-up operation which will cost £14m

THE STAMP DUTY provisions in the Bill follow very closely the Budget proposals to simplify and modernise this levy.

The overall objective is to end duties that have been around for many decades, which yield little revenue, but which involve both the authorities and individuals and companies in considerable administration.

The cost to the Revenue is a mere £14m in a full year—since most of the duties being repealed are o na nominal fixed duty basis, many of them related to 19th century values. The saving will be a 40 per cent reduction in the number of documents which require stamping.

The Bill effectively provides exemptions from duty on company takeovers where the takeover is for shares or certain other securities issued by the acquiring company. A similar provision is applied where the company being taken over is a subsidiary of a company in liquidation.

This exemption will formalise an extra-statutory concession given since last July. But it does not apply to takeovers for cash.

Other clauses relate to a variety of family transactions. The 1 per cent duty on gifts is repealed. The 1 per cent duty on certain transfers on marriage break-up is replaced by a 50p duty. A similar change is made to certain deeds of family arrangement and certain analogous instruments.

The other major change affects house buyers and the aim of the change is to speed up the transactions by short circuiting the current cumbersome procedures laid down over 50 years ago. Whereas previously all conveyancing documents in England and Wales had to be submitted to the Stamp Office and also the Land Registry, where applicable, now they will go straight to the Land Registry.

Elsewhere the Finance Bill deals with very minor duties such as thaton contract notes. There is a clause giving the Treasury and Inland Revenue powers to make regulations exempting those documents still chargeable for fixed duties after the current round of repeals.

However, there are no concessions in respect of the major *ad valorem* duties—the largest of which apply to house conveyances and share transfers.

Eric Short

PARTNERSHIPS

Basis of taxation changed to curb manipulation

THE BILL includes provisions for expected changes in the taxation of partnership profits. The changes result from reports by the Public Accounts Committee of the House of Commons, which suggested manipulation of the rules for assessment of partnership profits gave considerable scope for tax avoidance.

The new rules apply where a change in the members of a partnerships results in the trade being treated as discontinued for tax purposes. Where such cessations occur after March 19, 1985, the first four years of assessment will be taxed on the basis of the actual profits arising.

Formerly, the period for which the actual profits were assessed following a cessation was one year, although the profits of the subsequent two years could also—at the taxpayer's option—be taxed on an actual basis. The profits of the preceding year were then taken as the normal basis of assessment.

Legislation in the Finance Bill provides for the preceding year basis to operate from the fifth year of assessment, although the taxpayer will have the option to have the fifth and sixth years assessed on actual profit.

The changes in legislation to restrict the loss arising from a limited partnership available for offset against a partner's other income are in line with announcements made at the time of the Budget.

The restriction applies to both corporate and individual partners and the effect is to limit the loss available to the amount actually at risk in the partnership.

Malcolm Gammie

RETIREMENT RELIEF

Tax burden on former businessmen reduced

THE BILL recasts the provisions for capital gains tax retirement relief and considerably extends its scope, in line with proposals made in a consultative document issued by the Inland Revenue in 1984.

The relief enables a person to claim exemption from capital gains tax in respect of any gain arising from the disposal of a business or shares in certain companies in which he has been actively involved.

As announced in the Budget, the qualifying age for full retirement relief of £100,000 is reduced from 65 to 60 for disposals after April 5 1985.

Relief formerly built up gradually between 60 and 65. Full relief may, however, still be restricted if the disposal relates to a business or shares in a family company which have been owned for less than ten years.

However concessions operated by the Inland Revenue have been incorporated into the legislation enabling periods of ownership by an individual and his spouse to be amalgamated in reckoning the ten-year period. Periods of ownrship of successive businesses may also be amalgamated in certain cases.

The legislation extends availability of relief to individuals forced by ill-health to retire before 60. To claim this relief, the individual will need to provide a medical certificate to satisfy the Inland Revenue that this is the case and that he is likely to remain incapable of carrying out the sort of work he was doing.

The Board of Inland Revenue will be the final arbiter and the decision will not be open to review by the courts.

Significant changes have been made in relation to relief available in respect of a family company. The test to determine what is a family company is relaxed in a number of respects.

Relief will be available for shares in the holding company of a group of family trading companies.

It was formerly restricted to shares held directly in trading companies and even where a holding company itself was a trading company, relief was not available for the value attributable to its subsidiaries, even though they were also trading subsidiaries.

These limitations could inhibit efficient structuring of the group and lead to unexpected loss or restriction on relief.

The scope of the relief also includes assets owned by a director and used by the company. Relief in this case was formerly only available by concession.

Thelegislation recognises the position of the director who works full-time for the family group, but not full-time for any single company within the group. Formerly he had to rely on a Revenue concession to get relief.

The legislation, which is completely recast, carries out a number of other proposals contained in the Consultative Document. In particular, relief is extended to gains arising from any kind of disposal, including cases involving the receipt of insurance proceeds or compensation.

Until now, only disposals by way of sale or gift qualified for relief. The concessional relief for assets sold after the cessation of trading is incorporated in the legislation. Trustees of a settlement will also be able to claim the relief when they dispose of assets used for the purposes of a business or of shares in a family trading company, if the disposal is connected with the retirement from the business or the company of a beneficiary of the trust.

(Frances Corrie works in the National Tax Office at KMG Thomson McLintock.)

Frances Corrie

UK NEWS

Syndicate could face loss of £100m

A LLOYD's insurance syndicate formed of 400 underwriting members is facing mounting losses. The losses on the syndicate, number 918, managed by interests of Minet Holdings,the large insurance broker, could be as high as £100m, *John Moore writes.*

Underwriting members who have, for instance, had a £10,000 share of insurance business for their involvement with the syndicate are facing losses of £30,000. Many members have larger shares.

The syndicate, which insures general lines of business is believed to have exposure on risks which take years for claims to materialise. It has, however, been hit by a wave of claims.

Minet Holdings has encountered troubles on other underwriting syndicates in the past few years. It alleged that former underwriting executives had misappropriated funds belonging to underwriting members amounting to around £401m and it arranged a complex scheme to reimburse members for loss of funds.

There are reports in Lloyd's that a wide range of syndicates are facing mounting losses on insurance deals. Merrett Syndicates, one of the largest independent underwriting agencies, faces losses on its syndicate 417/418, with 3,500 members which market estimates suggest could be around £30m.

If the losses of syndicate 918 at Minet's underwriting interests rise to the top levels indicated, underwriting members may face individual payouts of up to £1m.

□ **BAII**, the Luxembourg-based consortium bank, has concluded its agreement to acquire Sheppards and Chase, the London stockbroking firm. Under a deal announced yesterday, BAII will take a 29.9 per cent stake and raise it to 100 per cent when stock exchange rules permit. The price of the acquisition was not disclosed.

The bank, which has 37 shareholders, is half owned by Middle East banks and half by a group of banks from Europe, North and South America and the Far East. The acquisition is being made through its UK subsidiary.

□ **ROYAL BANK** of Scotland has became the first commercial customer of British Telecom's new video-conference service, Video-/Stream. The service links the bank's London and Edinburgh offices and will pave the way for the merger next October of the Royal with Williams & Glyn's, its English subsidiary.

VideoStream will enable bank staff to hold sight-and-sound meetings and discuss documents without leaving the office. Sir Michael Herries, the Royal's chairman, said, the link would be a key factor in running a nationwide bank from Edinburgh.

□ **SCOTTISH** trade unionists yesterday acknowledged the need for compensation in the renationalisation of any industries sold to the private sector

A resolution passed at the Scottish Trades Union Congress conference in Inverness condemned the sale of nationalised industries and called for "renationalisation by the next Labour government without compensation beyond reasonable levels." Mr Clive Lewis regional organiser for the Iron and Steel Trades Confederation said takeover without compensation would not be a winner with the electorate.

□ **RAIL** services in Scotland will be halted today as members of the Scottish region of the National Union of Railwaymen hold a 24-hour strike in protest at 1,200 redundancies among rail engineering workers at Glasgow.

□ **REGISTRATIONS** of powered two-wheelers were down by 16 per cent in the first quarter of this year. Sales of mopeds fell by 12 per cent while registrations of motor cycles were 19 per cent lower.

Lloyd's tightens the rulebook for underwriting

BY JOHN MOORE, CITY CORRESPONDENT

PLANS FOR the tighter control of underwriting were yesterday unveiled by the authorities of Lloyd's, the London insurance market. The moves are designed to stamp out abuses and malpractice among insurance specialists who have a close association with the Lloyd's market.

Draft rules have been drawn up to regulate the 2,500 individuals and companies outside Lloyd's which are authorised to accept business on behalf of Lloyd's underwriters. About 15 per cent of Lloyd's premium income of £2.3bn is accepted on behalf of underwriters by individuals outside the market.

In the late 1970s a Lloyd's insurance syndicate formed of 110 members of the market and headed by Mr Frederick Sasse faced losses of around £20m. The losses arose largely on the improper operation of a "binding authority" by insurance specialists in the U.S.. Under a binding authority arrangement, agreement is reached between Lloyd's underwriters and interests outside the market for the acceptance of business.

In the Sasse affair insurance specialists in the U.S. were allowed to produce business for the syndicate. The syndicate was stuffed with poor quality insurance risks, largely property in the New York area. Moreover, some of the premium due to the syndicate was syphoned off by the specialists. One of the holders of the binding authorities is serving a prison sentence in the U.S. for his part in the affair.

Mr Ian Hay Davison, Lloyd's chief executive, said yesterday: "We are not in the business of making business difficult but we are here to solve problems."

Binding authorities are often granted to firms of Lloyd's brokers as well as to non-Lloyd's insurance specialists. The authorities are widely used in the UK motor market.

The package of rules, which are to be discussed with the market, include a draft code of practice. This is intended to reflect minimum recommended practice for the operation of binding authorities, including those provisions which should, ideally, be incorporated in all binding authority agreements. The code will not be mandatory.

The code will be reassessed after about 18 months when any necessary amendments will be made. A bye-law is to be introduced which will require that every binding authority has to be supported by a written contract.

Rules are also planned for the approval of correspondents, those individuals who are not Lloyd's brokers but who hold binding authorities and there is to be an application procedure for approval.

Mr Davison said that the rules are not intended to restrict unduly the writing of business under binding authorities. "Rather they are intended to provide closer checks on the processing of binding authorites and on the quality of persons outside the Lloyd's community who bring business to Lloyd's."

Mr Peter Miller, chairman of Lloyd's, said in a letter: "I am sure that the need for regulation in this area will be well understood. I hope that these proposals will not result in an undue burden upon underwriters and brokers; they will undoubtedly cause some extra work but I think that, overall, they reflect reasonable operating procedures for the market."

Fine over shares deal 'severe', tribunal rules

BY OUR CITY CORRESPONDENT

LORD WILBERFORCE, president of the appeal tribunal of Lloyd's, has set aside a £2,500 fine against a Lloyd's underwriting member by the market's authorities. He has said that the fine, and other costs, "errs on the side of severity."

Lloyd's took action against the underwriting member, Mr Gordon Robert Pope, in connection with a share deal he was involved in while a director of the Alexander Howden Group, the large insurance broker. Lloyd's authorities have formally censured him. Mr Pope has been ordered to pay £4,136 in respect of the costs of the proceedings.

In the disciplinary proceedings against Mr Pope, published yesterday, Lloyd's described a share deal that took place between 1975 and 1977 while Mr Pope was a director of Howden.

The disciplinary committee found Mr Pope guilty of misconduct under Lloyd's bye-laws. Lloyd's said that he had deliberately failed to disclose the acquisition and disposal of shares as required under section 27 of the Companies Act 1967.

The appeal tribunal concluded that there was no question of any misappropriation of funds, nor was there any suggestion that Mr Pope "is in any way associated or involved with any such misappropriation as may have existed."

Lloyd's is still engaged in other disciplinary proceedings against former Howden executives in connection with allegations by Howden's parent company, Alexander & Alexander that $55m has been misappropriated from Howden's insurance interests and funds belonging to Lloyd's underwriting members.

Cautious line urged on global trade talks

BY OUR TRADE EDITOR

THE GOVERNMENT should carefully examine Britain's national interest before supporting new global trade liberalisation talks, Mr Bryan Gould, Labour's trade spokesman, said yesterday.

He maintained that the Government should follow the example of the French and others who were taking a cautious line.

"The danger is that the present government will commit us, for purely ideological reasons, to a further round of tariff-cutting; and this will mean a further body-blow to British industry."

Mr Gould claimed it was far from self-evident that unrestricted free trade was helpful to Britain. "We are the country which has lost out from free trade over recent years."

He was referring to increasingly persistent calls, led by the U.S. and Japan, for multilateral negotiations to start next year under the auspices of the General Agreement on Tariffs and Trade.

PRIME MINISTER COMFORTABLY DEFENDS FAR EAST TRIP

Thatcher repels Labour attack

BY PETER RIDDELL, POLITICAL EDITOR

MRS MARGARET Thatcher, the Prime Minister, yesterday strongly defended her controversial Far Eastern tour against criticism by Mr Neil Kinnock, the Labour leader. He said she had been "dashing around everywhere like an egotistical flea in a fit."

Answering questions in the House of Commons, Mrs Thatcher repelled the attacks as comfortably as she claimed in the Far East to have "seen off" the year-long UK miners' strike. She received loud support from Conservative MPs for her counter-attack on Labour.

After the expected, noisy clashes MPs left a packed chamber generally satisfied that Mrs Thatcher had lost none of her familiar punch or authority.

Several senior Tories, however, are worried that reports in Britain about Mrs Thatcher's behaviour and style during the Far East trip might have damaged her standing, and that in future she should have a less strenuous schedule.

The only public qualification yesterday came from Mr Francis Pym, the former Foreign Secretary and one of her strongest critics, who rarely intervenes at question time.

After dismissing Opposition criticisms as "absurd," he dryly invited the Prime Minister to reveal her itinerary for the Whitsun recess. Amid laughter, she said she would be at Chequers, the Prime Minister's country home.

Apart from attending the world economic summit in Bonn in early May, and the usual round of EEC meetings, Mrs Thatcher's next major trip, so far planned, will be to the Bahamas for a week in October for the Commonwealth heads of government conference.

After reading out a lengthy quotation from her remarks about the unions, made in Malaysia, she accused protesting Labour MPs of not wanting to hear the truth. She doubted whether Mr Kinnock had any real interest in selling more British goods, since he supported strikes which damaged Britain's reputation.

Mr Kinnock, after noting the fall in Britain's share of world trade, had argued that Mrs Thatcher should concentrate her effort on improving production and sales promotion rather than on trips for "self promotion."

In reply to Mr David Steel, the Liberal leader, Mrs Thatcher said she believed inflation could be reduced further, despite a slight increase in the immediate future.

She indicated that her long-term aim of 3 per cent inflation by the


Kinnock: Thatcher "like an egotistical flea in a fit."

next election was attainable, and not particularly remarkable. "Three per cent is still inflation," she remarked.

Price rises 'would hit gas growth prospects'

By Ian Hargreaves

NORTH SEA gas producers will damage growth prospects in the UK gas market if they gain higher prices from British Gas following the Government veto on British gas purchases from Norway's Sleipner field.

Mr Chris Brierley, director of planning at British Gas, told a university conference that the corporation would continue to resist demands for higher prices.

Financial returns to oil companies from North Sea gas fields were, he said, already handsome. "The prices offered so far have been enough to produce record rates of exploration drilling. Any further increase in prices would clearly be out of place."

Mr Brierley said that those who attacked British Gas's dominant market position and blamed it for distorting market forces, should switch their attention to the role of the oil companies.

He said that oil companies continued to insist that gas prices should be linked to those of oil even though the gas was primarily competing with electricity, and, therefore, with coal.

"Oil companies have been able to achieve that because there are very few gas suppliers and there are high barriers to entry. Lack of competition between suppliers keeps the prices higher than they need be."

Mr Brierley denied that the Sleipner decision would lead to British Gas abandoning plans to expand industrial sales. But the absence of Sleipner would change the type of contract British Gas would be seeking with UK gas producers.

The corporation would look for longer, flatter supplies than would have been the case in order to balance supply and demand.

● Shell has made a big North Sea oil discovery about 140 miles south east of Aberdeen in Block 29/8A. Premier Consolidated Oilfields, the operator of the neighbouring block, 29/8B, struck oil at the end of 1983, but the main part of the structure was then known to lie on Shell's acreage.

● British Petroleum is to stop paying special allowances of up to £3,000 a year to its crews involved in North Sea work, as part of its attempts to end its shipping operation losses, writes Dominic Lawson.

The move follows the announcement that it will be putting part of its tanker fleet under a flag of convenience for the first time. BP said it would use foreign crews on two vessels, saving £300,000 a year on manning costs.

Of BP's 1,900 seafarers, about 400 at any time are working in the North Sea and are entitled to the allowances.

BP has run into problems when seeking to offer its men for crewing contracts. The allowances, according to BP have made its bids uncompetitive. It failed to win any contracts last year.

BP insists that it will not be cutting the allowances of those who are engaged in North sea crewing work at present.

Traditionally, BP crews have been highly paid. But the company is determined that it will no longer allow its loss-making operations to be subsidised by its profits on oil production.

Under the chairmanship of Sir Peter Walters, BP has embarked on a policy of making all its businesses separate profit centres. Last year, BP Shipping incurred an operating loss of £19m. BP wants it to break even this year.

Fenner cuts jobs

□ FENNER engineering group is cutting 150 jobs from its power transmission division as part of a restructuring exercise to reduce manufacturing costs. The division whose products include bushes, pulleys and sprockets, employs just over 1,000 in the UK.

Attempts to sell Mitsubishi offshoot's cars in UK halted

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ATTEMPTS to sell in Britain cars built by the Australian subsidiary of Mitsubishi of Japan have been halted.

The importer has cleared the remaining Australian cars out of its dealer network, registered them and sold them as used vehicles to UK Car Auctions, the West Midlands group.

More than 300 cars, badged as Colt Sigma models, and said to have a retail value of over £2m will be auctioned by the auctions group. A first batch of 50 was auctioned last week without reserves and a further 100 go under the hammer today.

Mr Peter Beaumont, managing director of Colt Car, the import company in which Mitsubishi has a 49 per cent holding, said yesterday that Mitsubishi-Colt car dealers had been given every opportunity to sell the vehicles and had been offered special financial incentives to do so.

But he added: "We decided to get them out of the network rather than for them to remain a problem."

Mr Beaumont said that no Australian cars would be imported by Colt in 1985. The company, however, would look at models to be built at Mitsubishi's factory, at Lonsdale, near Adelaide, because in future there would not be such a delay between the launch of new vehicles in Japan and production in Australia.

Last year about 550 Australian cars were imported by Colt, well short of original estimates, made in 1982, that the potential was 12,000 sales a year.

The Australian project was the idea of Mr Michael Orr, former chairman of Colt and also of the Lonsdale Car Company, set up in 1982 to import the cars.

Mr Orr always insisted that the controversial project was not a way of avoiding the restrictions on Japanese car sales in the UK by bringing them in "through the back door," because they had an 85 per cent Australian content by ex-factory value.

Some £200,000 was provided to start the UK-importing end of the Lonsdale business, most of which was put up by people in the motor trade with offshore funds who wished to remain anonymous. Mr Orr provided £10,000, or 5 per cent, via his personal pension fund.

Lonsdale's original plan was to have its own UK network of 100 dealers and the forecast for sales in 1983 was 3,600. In the event, just 504 were registered that year.

Mr Orr, one of the UK industry's more controversial figures, left Colt in April last year. Almost immediately afterwards Colt took over the Lonsdale company and said the Australian cars would be sold alongside Mitsubishi's Japanese vehicles at Colt's 170 outlets.

If the Lonsdale scheme had been successful it would have had important implications for other Japanese producers. Since 1975 they have been constrained by the industry-to-industry gentlemen's agreement which holds Japanese car sales at about 11 per cent of the UK market.

Toyota and Nissan, the two largest Japanese groups, have assembly operations in Australia and watched Lonsdale's progress to see if that country might provide more volume for their UK dealers.

Solar cell trade group set up

BY MAURICE SAMUELSON, ENERGY STAFF

EUROPEAN manufacturers of solar battery cells have formed a four-nation trade association to strengthen their position in the face of growing competition from the U.S. and Japan.

The new body, the European Photovoltaic Industries Association, was launched in London yesterday at an international conference on solar energy attended by 400 experts from more than 30 countries.

Four of the association's 15 founding companies are British, including solar energy subsidiaries of British Petroleum and the Pilkington glass group.

The companies specialise in generating electricity for residential use, agricultural equipment and consumer goods, ranging from pumps to television sets. The other companies involved are based in France, West Germany and Italy.

Europe's capacity for manufacturing solar battery cells will be boosted by a factory for Chronar of the U.S. to be opened today at Bridgend, South Wales, by Mr Nicholas Edwards, Welsh Secretary.

The first fully-integrated manufacturing plant of its kind outside the U.S. and Japan, it will produce photovoltaic panels – sheet glass covered with a thin film of silicon.

Mr David Hunt, Minister for Renewable Energies, opening the conference, said generating electricity from the sun presented "exciting opportunities" for countries which lacked power supply networks, as well as for the growing number of companies specialising in solar energy equipment.

In a further stimulus to European manufacturers, the European Commission has said it is to spend a further Ecu 35.5m (£21m) over the next four years on photovoltaic materials.

Union chief in bid to counter poll claims

By Philip Bassett, Labour Correspondent

MR MOSS EVANS, general secretary of the transport and General Workers' Union, Britain's largest trade union, is attempting to counter the first attempt inside the organisation to mount a campaign for an inquiry into alleged ballot-rigging in the election to find his successor.

Allegations of malpractice were made after Mr Ron Todd, the left-wing's candidate, narrowly defeated his moderate contender Mr George Wright, who is pressing for a fresh ballot.

Mr Evans has issued a telex to all officers in the union attacking as a "scurrilous piece of work" a detailed critique of the 1984 election now being circulated within the union.

The circular, sent out from Lothian in Scotland but using an accommodation address in Sydenham, Kent, for reply says that "the time has come for the constitutional committees of this union to demand an independent inquiry into the conduct and result of the election."

It asks branches to return details of their nominations for candidates in the election, and asks branches if their vote was "rigged by the hard left." It claims that the proven ballot-rigging in a Bristol TGWU branch was "only the tip of the iceberg."

The circular says that full details of what happened in the election will come to light only if branch voting figures are published by the union.

In his telex to officials, Mr Evans answers in detail the points raised by the Lothian circular. He maintains he cannot publish the regional results of the voting, though he accepts that unofficial versions published are accurate.

"I cannot publish the branch ballots because they are retained within the regions and I do not have sight of them unless irregularities are reported."

In advance of his meeting tomorrow with Mr Wright, Mr Evans says that immediately the union has substantial evidence which he understands Mr Wright will provide, then "I am confident that the executive would agree to an independent inquiry into the conduct and result of the election if they find it necessary."

These further clear signs of continuing controversy in the union over the election came as another candidate, Mr Tod Sullivan, the union's white-collar national secretary, said he believed the ballot result should stand.

The political controversy over the election sharpened too yesterday with public disagreements over it between Mr Tom King, Employment Secretary, and Dr David Owen, leader of the Social Democratic Party.

In a radio interview, Mr King insisted that the election provisions of the 1984 Trade Union Act would stop manipulation of union ballots, but in an open letter, Dr Owen accused Mr King of "complete misunderstanding of the provisions of your own Act."

Father of Princess Michael was officer in Nazi force

BUCKINGHAM PALACE yesterday confirmed a report in a British newspaper that Princess Michael of Kent, a close relative by marriage of the Queen, was the daughter of a Nazi officer.

Princess Michael, the 40 year-old wife of Prince Michael of Kent, the Queen's first cousin, also confirmed the report. A palace statement said she was shocked by the disclosure.

The princess, formerly Marie-Christine von Reibnitz, married Prince Michael in 1978. She was born in wartime Czechoslovakia but was brought up in Australia by her mother after her parents separated at the end of the second world war.

The Daily Mirror newspaper said Princess Michael's father, Baron Gunther von Reibnitz was an officer in the SS (Schutz-Staffel), the Nazi Party force which ran concentration camps and was responsible for countless war crimes.

Baron von Reibnitz died two years ago in South Africa where he was a licensed big game hunter. The paper said there was no evidence that he took part in any wartime atrocities.

In Vienna yesterday Simon Wiesenthal, head of the Jewish Documentation Centre, who has helped to bring many Nazi criminals to justice, said his records showed that Baron von Reibnitz entered Hitler's National Socialist Party in about 1930. He had joined the SS with the rank of Untersturmführer (equivalent to the rank of a lieutenant in the British army) and rose to the rank of major.

Leading figures in the British establishment are said to have known about the SS links for several years. Mr Harold Brooks-Baker, director of Burke's Peerage, the directory of the British landed gentry, said yesterday: "There has certainly been no cover up. From the time that she became known to the world seven or eight years ago when she met Prince Michael, genealogists like myself have known about this."

A spokesman for the Anti-Nazi League in Britain called on the princess to condemn Nazism or face public protests. Mr Peter Hain said the princess could not be blamed for being the daughter of a Nazi. "But she can be strongly criticised and could bring the royal family into disrepute if she does not unequivocally condemn Nazism.

"If she does not do that, she is likely to attract protest and opposition wherever she goes."

A spokesman for the princess yesterday said she had no comment to make. She was spending a normal day at home before joining the rest of the royal family at Windsor Castle last night for a state banquet in honour of President Kamuzu Banda of Malawi.

Prince Michael was forced to renounce his rights as 16th in line to the British throne when he married, because the princess, who had been married before, was a Catholic. The couple's two children are 19th and 20th in line of succession because they are being brought up as Anglicans.

Agencies

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Late converts to the gospel of marketing

BY CHRISTOPHER LORENZ

Hewlett-Packard is universally acclaimed as one of America's best-managed companies. But last summer it sent shock waves through its engineer-dominated ranks by establishing a centralised marketing division and making other controversial changes to its structure—all of them aimed at a radical improvement in its marketing.

Like Apple before it, HP had come to the uncomfortable realisation that it could no longer compete just with technology; it had to become more responsive to the preferences of the customer, more choosy about which market segments it should serve, and more effective in its selling and distribution. The changes, which quickly provoked a spate of executive defections, were seen as only the beginning of a painful transformation in corporate culture.

Countless other American makers of consumer durables and capital goods have been equally tardy in converting to the gospel of marketing, as have most Europeans.

In durables, companies such as Philips took inordinately long to learn from the marketing-led strategies of the Japanese. In capital goods, IBM has for decades been a rare exception in its thorough use of marketing concepts and techniques. In services, too, there have until the last few years been remarkably few emulators of McDonald's, Marriott Hotels and Delta Airlines.

Only in the limited world of food and drink, soaps and cosmetics, and other "packaged goods," has marketing been practised on an industry-wide basis ever since the 1960s, when Professor Theodore Levitt first popularised the idea that corporate survival depends on much greater responsiveness to the needs of the consumer (see "Marketing Myopia: an insidious disease," this page April 1).

In itself, there is nothing remarkable about some industries taking longer than others to become marketing-minded. If a maker of machine tools can sustain a sufficient competitive advantage through high technology, low production cost, and an efficient sales and service network, there is little point trying to add a fully-fledged marketing strategy to his armoury.

Similarly, when a service industry such as banking or telecommunications is so regulated as to suffer minimal competition, it is understandable that marketing should be given low priority, however annoying this might be to the customer. Only with the competitive, economic and regulatory changes of the past few years have most such capital goods and service industries really "needed" marketing.

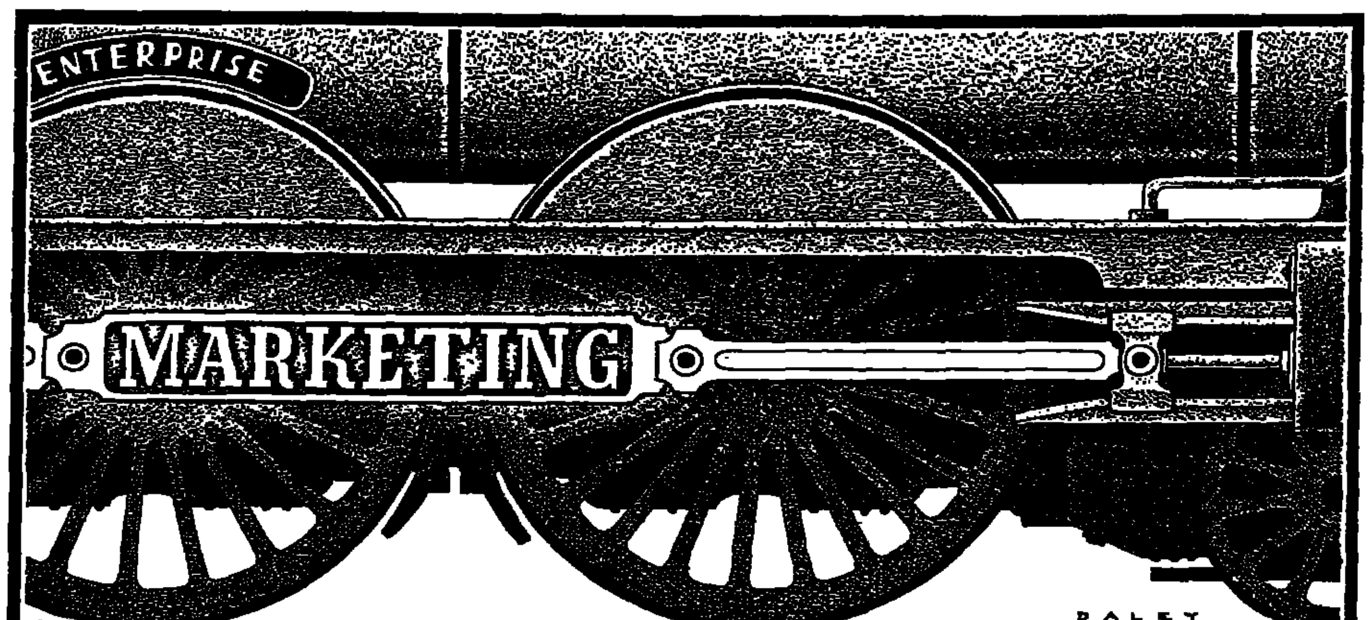
Yet many companies should have moved more quickly. Particularly in cars, consumer electronics and other durables, but also in computers, "they have taken amazingly long to respond to competitive example," complains Jean-Claude Larréché, one of Europe's top marketing academics. Some of them "might think they have been doing marketing, but they've confused the tools with the concept — they've merely been doing market research, advertising, promotion or sales."

As professor of marketing at Insead, the French-based international business school, and with extensive experience in the U.S., Larréché has been repeatedly struck by the backwardness of marketing practice on both sides of the Atlantic. Even some of the large packaged goods makers, he says, have slipped back into a narrow and stereotyped use of marketing.

In common with many other marketing academics and consultants, Larréché stresses most forcibly that marketing is—or ought to be—much more than just a collection of functions and techniques. It must also be an attitude of mind, a motivating force which runs right through the company and which continually challenges the established way of doing things. In Larréché's words, it should be "the interface between the whole corporation and the outside world."

In much of Japanese industry, it is precisely that (see this page, March 22). But in the west most companies have been unable to instil such a way of life, let alone sustain it. The article below gives 12 reasons why.

The complexities that often lead to failure



SOME WESTERN companies have baulked completely at the challenge of marketing. Others have made a mess of meeting it. The reasons for their failure, or at best their partial success are legion. They are complex and interactive, and therefore exacerbate each other. Stripped to a bare dozen, they are:

1—Organisational barriers. creation and implementation of marketing strategies runs foul of "vertical" barriers between the corporate centre and line management, and of "horizontal" barriers between different functional specialists. "I don't see much mystique in what the Japanese do—part of it is their ability to cross disciplinary lines," says Professor Benson Shapiro of the Harvard Business School. But this "group process" is totally alien to many companies in the west. Managers see themselves as individuals and specialists, rather than as members of a team.

According to Professor Kenneth Simmonds of the London Business School "this has encouraged marketing itself to be seen as a specialist function, rather than as a diagnostic way of thinking which needs to permeate the entire company." This tendency is reinforced when specialists from sales, production and finance are moved into marketing jobs.

2—Structural failings. In many western companies the problem of poor communications and inadequate cohesion is compounded by a failure to break up the organisation into smaller business units, with "product managers" responsible for a handful of products and/or markets. Without such a structure it is difficult to get sufficiently "close to the customer," to permeate each part of the organisation with a driving commitment to the performance of each product line, and to create that elusive collaboration between different functional disciplines.

3—Hostile corporate cultures. Outside packaged goods, "most companies are dominated by a technical, sales or financial culture," says Jean-Claude Larréché. Back in 1960, Theodore Levitt warned that executives with such backgrounds have "an almost trained incapacity" to see that achieving volume may require them to understand and serve many discreet market segments, which may each be quite small. Instead, they insist on trying to serve an elusive, often mythical, "mass market." Such executives also have an inbred tendency to think short-term, rather than with the long-term horizon which much marketing strategy requires (see also point 9).

In such a hostile environment, attempts to introduce marketing tend to fall on stony ground. From bitter personal experience, a young product manager who works for a European packaged goods multinational says that "marketers have credibility problems—they're thought of as fast-talking upstarts."

4—Myopic marketers. Marketing people need to be strategic thinkers and exceptionally good communicators. But their training and work experience tends to turn them into what one cynic calls "technocrats equipped with every known research technique, but little else." By no means all of them receive a formal training; for those who do, it is techniques which are stressed, not human behaviour, motivation and communication. "Marketing people are notoriously bad in marketing themselves within their companies—they seem to feel they don't need to," says Tony McBurnie, director general of Britain's Institute of Marketing. The scope of the institute's own training programmes has been progressively broadened in recent years, to include strategy as well as motivation and communication.

"The effectiveness of marketing depends above all on the personality and drive of the marketing chief," says one product manager; most of his bosses have made far too little effort to influence their company's long-term thinking, he complains. Instead, they have allowed their staffs to get bogged down with the functional minutiae of marketing: "organising the logistics of a special promotion for just one retailer can be amazingly time-consuming, and can crowd out any thought of the longer term."

5—Confusion with sales. One of the most common errors of all, this occurs for several reasons. One is that the concept of marketing is harder to understand than are its various tools. Another is the way the word "marketing" was quickly adopted by sales and promotion as a grander term for their own activities. A third results from the tendency to promote sales managers to marketing positions—they continue to think like salesmen.

6—Confusion with customer service. Many airlines, banks and other service organisations "seem to have the idea that marketing essentially means smiling at people—that's part of it, but not the whole story," says Professor Philip Kotler. This is known to cynics as the "Have a nice day" syndrome.

7—Confusion with market research, and dominance by it. Echoing a universal complaint among consultants and academics, Dr Robin Wensley of the London Business School (LBS) says "many managers, particularly those in marketing itself, are heavily oversold on what market research can do. They use it as a decision substitute, instead of for decision support."

This is highly dangerous on several grounds. The predictive abilities of market research are limited, especially in the case of new products or services. The more innovative a concept, the less it can be researched properly—it is not within the consumer's field of experience. Moreover, it is easy to bias research towards the preferred findings. "It's amazing how bad some of it is," says Jean-Claude Larréché, citing such examples as loaded questions, poor sampling techniques, and a spate of other methodological errors.

8—The strategic planning barrier. The rapid development of strategic planning eroded the status and role of marketing strategy during the 1970s, encouraging still further a view that marketing is merely a set of operational tools for use only by line management. Strategic planning concentrated on financial and economic analysis (especially of costs and cash flow), and paid little attention to marketplace factors, other than stereotyped descriptions of market growth and market share.

9—Short-term horizons. By bolstering the influence of the finance functions, strategic planning reinforced the innate short-term bias of many western companies, especially in the U.S. and Britain. "Strategy became dominated by financial rules of thumb, like return on investment," says Professor Kenneth Simmonds of LBS. Such a procedure is "an empty ritual unless it is accompanied by an assessment of how the investment would affect the (company's) competitive position." Yet such assessments are seldom made. In common with countless other marketing experts, Simmonds argues that strategic marketing "clashes head-on with rule-of-thumb financial management that works on a one-year horizon."

10—The "theory gap." In parallel with recent self-criticism by corporate strategy theorists, academics now admit that marketing theory has not helped its own case by paying inadequate attention to the organisational and human aspects of how particular strategies can be implemented. "If companies haven't seen the light, it is because the light was murky," says Harvard Associate Professor Thomas Bonoma. When not dealing with grand strategy, marketing teaching has tended to be obsessed with the detailed techniques of pricing and market research; these are the very stuff of which academic papers and career success are made. Hence the jibe, by Professor Joseph Bower of Harvard, that "marketing has trivialised itself."

11. The "competition gap." Though the marketing concept itself was born out of the need for companies to compete more effectively, it was taught (and practised) as if the satisfaction of consumer needs on its own was a sufficient criterion for achieving profitability. Its clear message was "know thy customer," not "know thy competitor." As Professor Simmonds commented in a major LBS lecture earlier this year, "business seemed to be a race which all could win." Now that competitive strategy has become such a crucial element in business survival, marketing academics are rushing to fill this gap.

12. Degeneration. Successful past practitioners of marketing have become inflexible in their approach, and therefore slow to respond to changes in competitive forces, market structures, and distribution channels. Norman Sanson, of McKinsey and Company, cites the problems currently being suffered by packaged goods manufacturers in Europe as a result of the strong rise in retailers' own brands. Sanson calls this sort of inflexibility "muscle-bound marketing."

The essence of marketing, Sanson argues, should be its transcendence of any functional department or title. A great admirer of the Procter and Gamble philosophy that the marketplace is everyone's responsibility, Sanson puts it more starkly: "marketing in isolation is meaningless."

THE ARTS

Dream of Gerontius

Andrew Clements

The only serious shortcoming in Monday night's account of *Gerontius* at the Royal Festival Hall had best be aired straightaway. A performance should never ever have an interval between parts 1 and 2, any more than one should interrupt Verdi's Requiem or the *Missa Solemnis*. A brief pause before the prelude to the second part is sufficient; the mood in which it has come to rest needs to be sustained. It is not so long a piece (only around 100 minutes in most interpretations) that the audience's stamina need be severely tested.

It is a measure of the intensity and dramatic pacing of Yevgeny Svetlanov's view of the work that the insertion of 25 minutes' chat and coffee drinking into the middle of Elgar's masterpiece hardly marred its effect. Svetlanov is a latter-day convert to the composer; his Soviet recording of the Second Symphony is currently available in Britain and a curious thing it is. He approaches the score with enormous zeal and no little vulgarity, so that in advance one feared for *Gerontius*. What we heard though was reasonably orthodox, a few generous rubati apart, and riven with such directness and energy as to sweep aside any possibility of doubt.

The Philharmonia played superbly for him, responding fully to his demands for full blooded climaxes with brass unusually prominent. There was not a hint of cathedral mustiness; the Philharmonia Chorus was unfailingly virile and encouraged to sing with unashamed dramatic involvement in what, had it been written at the turn of the century in Germany, would surely have been cast as an opera.

Two of the soloists at least were old hands in the English oratorio tradition. Robert Tear's Gerontius seems to gain in assurance with the years; his tone is sometimes a little unyielding, but the commitment is undoubted and passages such as "Sanctus Fortis" went with tremendous elan. John Shirley-Quirk was unfocused in "Proficiscere," rather more immediate as the Angel of the Agony (perhaps he at least benefited from the interval). Jean Rigby was a most affecting Angel; the tone, part seductive, part compassionate, is precisely right. All that she lacks for the perfect portrayal is power at the biggest moments; that, though, will surely come. Each year the Festival Hall seems to produce at least one memorable *Gerontius*; this one will do for 1985.

Károly Mocsári/Wigmore Hall

Max Loppert

Károly Mocsári, 23-year-old Hungarian pianist, was the winner of last year's second International Terence Judd Award. His prizewinner's London recital on Monday night served to display his wares as a fearless young virtuoso — a programme featuring in the first half the Appasionata, a Rakmaninov selection, and Balakirev's *Islamey*, and in the second the Liszt Sonata, is a notice of intent quite as much as an enjoyable compilation. The pleasing thing was not only that Mr Mocsári rose to its considerable strains with such aplomb and easy strength, but that the recital proved to be a display of interesting musicianship as well.

That much the opening Beethoven sonata made immediately clear. Mr Mocsári is a lithe, powerful, utterly secure player with a "sound" that one immediately takes to be his own —deep-toned yet capable of bright, high-definition intensity. But he never at any point used power or technical address to manipulate the dynamics of the music, or to drive its excitements into self-seeking shows of force; the movements flowed onwards, in a nobly unhurried way (how revealing that *Andante con moto* tempo mark: and how few young pianists make sense of it as Mr Mocsari did!). To hear this of all works played so well at the start of a testing recital told one much about the pianist.

The Rakhmaninov group, including *Polichinelle* and the G minor Prelude, Op 23 No 5, falls in what London audiences tend to think of as Cherkassky territory. If one notes that this young artist could draw more flair and fantasy from the shaping of grand pianistic gestures, that should not detract from the genuine sweep, fine grading, and dramatic impress of these performances—or, indeed, of that of the Balakirev showpiece.

The Liszt was preceded by some sub-*Mikrokosmos* piano by József Soponi (unknown both to me and to the New Grove); the sonata itself proved to be the recital's one relative disappointment, not completely sustained as a single line of thought, and with hints of tiredness amid the stirring brilliant flourishes. On this showing I would not yet risk rating Mr Mocsári's prospects among the ranks of the world's leading young pianists. But I'll be very glad to hear him again.

English Baroque Soloists/St John's, Smith Square

Paul Driver

John Eliot Gardiner and his 31 English Baroque Soloists were joined by the American fortepiano specialist Malcolm Bilson for a concert at St John's, Smith Square on Monday dedicated to "authentic" performance of Mozart. The Soloists all play historical instruments, and Bilson used a copy of Mozart's own concert piano (as built by Anton Walter in the 1780s) for the programme's two concerti, K. 451 in D and K. 453 in G. The same performers are now recording the cycle of Mozart piano concertos for DG Archiv.

The first item was Mozart's three-movement Symphony No 34 in C, and made an agreeable re-introduction to this world of aerated, vigorous and astringent sound. The quality of ensemble was high, the intonation remained steady. The strings heard alone in the slow movement were biting and bracing. The orchestra's lightness of timbre was a happy advantage in dealing with matters of accent and phrase, and the zippy rhythms of the finale gained an almost Stravinskyan bounce.

The first concerto was a disappointment. K451 is not one of Mozart's most memorable achievements and the "early music" treatment served here to diminish it further. Though Malcolm Bilson aproached his task fierily, he produced a dishevelled result, his intentions outrunning his technique in many a scale passage, his articulation often sounding coarse, his tone quite without a glow. Creaky wind accompaniments in the Andante and the deadness of the solo part combined to make it ugly, which with a Mozart movement one never believes possible.

But the greatness of the G major work inspired Bilson to an interpretation of much higher calibre. Though, as before, the fortepiano's small volume was a slight shock on its solo entry, its agile and expressive capacities were more convincingly engaged; the performance settled into nice balance, the textures were satisfyingly transparent. Bilson now added sparkle to his decorative work, and found discreet pathos in his slow movement utterances, responded to by the woodwinds with rich eloquence. Even so, I remained unimpressed by the need to do Mozart in this authentic way. The sonorous weight, limpidity and warmth of his music are thus de-emphasised, while the gain is chiefly museological.

New chairman

Mr Kenneth Fleet, executive editor of the finance and industry section of the Times, has been appointed the new *chairman of the board of* Chichester Festival Theatre productions company.

Television/Christopher Dunkley

The changing nature of violence

The familiar argument that *television sells margarine* and "therefore" must sell violence has always seemed to me naive. Violent television programmes are no more likely to incite copycat violence among normal viewers than vivid depictions of crucifixion all over the world for the past 1,500 years or so have incited copycat crucifixions.

What matters, and matters crucially, is the attitude with which these depictions have been conveyed to the onlooker: had the purpose of the church been to encourage crucifixion, no doubt it would have succeeded: and had the purpose of television producers been to encourage violence they, too, would doubtless have managed it. Margarine sales rise because that is the intention behind the relevant programmes (the commercials). No television producer that I ever met set out with the intention of encouraging or increasing violence.

People who say "But you can't ignore the fact that television portrays an awful lot of violence and we find ourselves living in a terribly violent society" are themselves ignoring the glaring fact that mankind has proved throughout recorded history to be appallingly violent: it was not regular viewings of *Cover Up* on BBC1 which made Attila the Hun so unpleasant; nor did Lucrezia Borgia need to watch ITV's *dreadful new series* about tough women, *C.A.T.S. Eyes*, to learn her nasty ways. Statistically speaking we in Britain are living through a period which, in comparative terms, seems remarkably peaceful and non-violent, whether you measure this in terms of riots, class conflict, or simply safety on the streets. Read Dickens and Mayhew and you realise that London today is a kindergarten compared to what it used to be.

Those who are keenest to make wildly over-simplified cause-and-effect connections of the "violent programmes therefore violent society" sort are themselves living proof of the opposite effect. The more time *Mrs Whitehouse selflessly* expends in monitoring all the nasty bits on our behalf, the more she dislikes them and the more certain her religious attitudes become. The cause and effect argument makes as much sense the other way round: since we live in a relatively quiet time and since television is a relatively new but ubiquitous phenomenon, television must be responsible for the comparative calm. One day, hindsight will probably show that television's true significance was its contribution to creating a public more aware than ever before of violence in contemporary society, even during a time when violence was at an abnormally low level.

Mark Ryan (Nasir) menaces Robert Addie (Guy of Gisburne) in Robin of Sherwood

Those determined to believe we live in unprecedentedly violent times somehow have to explain the absence of anything to compare with the Wilkite riots of the 18th century, the Peterloo massacre in the 19th century, or simply the routine nature of manslaughter which, according to coroners' records in the 14th century, was well ahead of accident as a cause of death. Whatever the statistics, the assumption of direct casual connections between television programmes and public mores seems desperately simple-minded. Human behaviour is, of course, not unaffected by a mass medium as *popular and time consuming as* television; but it probably reflects as much as it inspires and Aristotle might well have argued that, by delivering nightly doses of cartharsis to the population, television would be as likely to reduce violence as to increase it.

That said, there are nevertheless grounds for disquiet. I *happen to have no personal* taste for the vivid depiction of violence and am not happy to find what seems to be an ever-increasing quantity of it on television. Once you start keeping an eye open for it, you find it almost impossible to switch on the set without finding it. (In contrast to sex, so often linked to violence in the minds of our self-appointed protectors, though you can hunt the schedules high and low without finding a single vivid depiction of sex.)

Time was when the most extreme violence was found in the movies brought to television from the cinema and there are still examples: *The Long Good Friday*, shown by ITV on Easter Monday, contained a particularly offensive scene in which Bob Hoskins as the gangster chief killed his quisling lieutenant with a broken bottle. *Omen III*, shown by ITV two days later, opened with a peculiarly nasty scene of the U.S. ambassador rigging a gun and trip-wire in his office so that journalists arriving for a press conference saw his brains blown all over the office walls.

Old-fashioned wild west violence of the fist-fight and gun play variety is rare today though *The Gambler*, which reached Part 2 of its three long sections on ITV last night, is an interesting throwback. Much more common now is the sort of violence seen in *Miami Vice*, *Cover Up* and *C.A.T.S. Eyes*, all of which contrive to make it bizarre, and/or "funny." *C.A.T.S. Eyes*, for instance, had one of its female operatives, complete with lip gloss and blusher, attacked underwater and her breathing apparatus snatched away. *Cover Up* lifted from "American Graffiti" the idea of chaining down a car's back axle so that your enemy rips his wheels off as he accelerates in pursuit, and also invented its own "funny" scene with the hero leaping fully clothed into a bath to disarm the naked villainess, ultimately shooting her underwater.

Complaints about the rising tide of violence against the person on American television in the past few years have led *to an increasing* amount of violence against the object. It is a rare action series today which manages to get by without a fireball engulfing an aeroplane, a helicopter or a car, and an even rarer one which avoids the cliche of the car hurtling up to the edge of the ravine or harbour and then travelling through the air in slow motion. All this applies to perfectly conventional series such as *Cover Up* and *C.A.T.S Eyes*.

Even more common than such conventional programmes in America today, however, is the series which is constructed almost entirely around ritualised violence extended to machines. It began with cars in such series as *The Dukes of Hazzard* where the hostility was still directed towards people but the destructiveness was actually wreaked upon equipment. Now, it has progressed to all sorts of other vehicles, and thanks to computers themselves are on the verge of sharing in the moral responsibility. *Street Hawk* features a smart motorcycle, *Airwolf* is a thinking helicopter, and *Knight Rider* stars a car which not only figures things out for the driver but argues with him, too.

All this helps to distance the violence from the human protagonists and load it onto more powerful beings; a technique entirely familiar to Aristotle. *Ethically*, there seems (so far) little to worry about here, since American television producers appear to be just as sure as Hollywood or the Brothers Grimm about the moral basis of their tales. Indeed, adult viewers might complain that the good guys are altogether too white and the bad guys too black for the sake of reality, just as they are in *Robin Of Sherwood*, another extremely violent series (transmitted at teatime, what's more). On Sunday, in the last episode of the current series, I lost count of the number of chain-mailed Norman chests which we not only saw but heard being penetrated by arrows. No one bled, no one appeared to suffer pain, all died, and in the end — as with the Greeks or a thinking automobile — a higher power was invoked, this time Herne the Hunter.

Apart from the sheer quantity of violence which offends some of us, however, there are two worrying straws in the wind. The first is yet again an extension from Hollywood: the tendency to move beyond what Philip French recently described in his "Critic's Choice" season at the National Film Theatre as "retaliatory liberal violence" (he was referring to "Bad Day At Black Rock") into out-and-out vengeance. We have seen this at its most basic in *The A-Team*, where the bad guys are not merely caught or punished but humiliated and devastated. We have seen it in *Hardcastle And McCormick* where the slowness of court procedure is used to justify vigilante "justice." Above all, and nastiest of all, we have seen it in Britain's own *Travelling Man* where the — supposedly wrongful — conviction of a former policeman is taken as justification for dishing out all sorts of private rough justice.

Most worrying, though, is the the attitude which informs ITV's *Widows*. The first series was doubtful in its moral assumptions but the sequel now being transmitted goes beyond any doubt. What offends is not that this second batch is poor potboiling stuff with a thin plot watered down to tastelessness (though that is certainly so) but that we are invited to sympathise with the characters simply and solely because they are women. This has been clear enough from the screen but was put beyond doubt by the creator of the series, Lynda La Plante, who said in last week's "TV Times" that "Morally these women were not criminals." Yet *that is, of course*, exactly what they are: violent criminals.

Though there seems to me to be an excess, it is not wrong for television to depict violence. The Allies were violent in their war against Nazism; the crucifixion is a violent image. What matters is the attitude which informs the depiction; and if television starts to lose its notion of right and wrong, then we are in trouble.

Bin Woman/Oldham Coliseum

Charlotte Keatley

Oldham Coliseum is one of Greater Manchester's satellite theatres, persevering in a dedication both to the local town audience and to new plays that reflect Britain today, despite an increasingly difficult financial climate. *Bin Woman and the Copperbolt Cowboys* is Oldham's second world premiere this year.

One of Britain's most stubborn taboos must be for those whose bread and butter is other people's muck. We even assign them to early morning hours, so that one need not see one's dustbin disgorging one's private messes unless the lace curtain is inadvertently tweaked open at dawn. James Robson has chosen to dump a band of bin men on stage in order to air issues of social discrimination; and adds a woman employee, Maggie, so as to stir up sexual discrimination, too.

Robson's strength is slice-of-muck realism. The language captures the raucous cross-fire of men who work in social banishment but also in solidarity, both in street scenes and in the bravado banter of evenings in the ex-servicemen's club, their seedy drinking hole. The speech rhythms are jarring, those of shouting across a street, and the vocabulary scatalogical; but the effect is dynamic and funny, pathetic rather than offensive, because while they swear for punctuation these men wouldn't hurt a fly.

Robson writes from experience. He obviously wants to write about bin men to set the record straight and he loves them. Less so the women—Maggie is a mouthpiece rather than a character, although Heather Baskerville plays her with appealing energy and sincerity; while the barmaid is simply a bosomy stooge for the men's jokes, and a housewife appears briefly as a fag-sucking harridan: an ugly cliché which makes no point.

The play increasingly belongs to Cess, acted by Bob Goody, as pigeon-code beanpole with a laugh like a seal with hiccups, who gradually reveals a dark underside, far more sinister than he is comic. Peter Fieldson, *the director, could have focused* on Cess's psychological deterioration to give the play some development from comic realism to tragic surrealism, when Cess's nightmare visions of a huge sewage pool in which humanity bubbles engulfs the darkness of his mind. Fieldson chooses instead to pull the play outwards, trying to give it a polical voice *by editing in the songs* of Billy Bragg, contemporary socialist balladaire. This does not solve the problems within Robson's writing.

The consistent element is Sal Crabb's set, which provides the implicit criticism absent from the script. A meticulously realistic dustcart and kerbside are overhung by projection screens on which black-and-white shots of scrapyards and back alleys alternate with close-ups of glossy advertising — gleaming brunettes, babies' pink cheeks and sheer pantyhose. This contexturalises the characters' views on sexism, materialism, snobbism and waste which Robson shovels on stage with disarming honesty but to which he can find no answers within a group of men given no second chance in our society.

The Big Parade/Sadler's Wells

Martin Hoyle

"There just aren't any faces like that any more," says the voice of Gloria Swanson in *Sunset Boulevard*, lamenting the advent of sound towards the end of this affectionate distillation of Hollywood silents. There are: most of them are Lindsay Kemp's company at Sadler's Wells.

Kemp's great strength is the image. With his magpie range of reference — Kai Nielsen, Art Deco, Erté fashion plates, Twenties film posters — he touches chords, starts memories, that need no extra commentary. Suddenly a tableau will set off reverberations in one's memory, vague recollections of cigarette cards of cinema stars, dimity tea-cosies shaped like shepherdesses, sleekly brilliantined tango dancers. This marvellously evocative visual quality is his last; and he should stick to it, like all good cobblers.

The present show sounds like a spin-off from *The Parade's Gone By* which Kemp *choreographed for Ballet Rambert* a decade ago. What starts as a tongue-in-cheek kaleidoscope of archetypes — Fairbanks, Valentino, *All Quiet*, Garbo in what seems to be a compendium of *Camille* and *Anna Christie*—ends up as rambling and protracted. A World I sequence is neither ballet nor well-drilled show dancing (some of the lesser company members trot round listlessly, especially as a lucklustre group of ineffectual Barbary pirates in a swashbuckling mock-Fairbanks scene). An over-long sequence of music, speech and noise from old sound-tracks entails the company miming to tap-dancing. Miming to songs is one thing; but miming to *dances* . . . ?

What they excel at is make-up. Cheryl Heazelwood's Mae Murray figure, blond fluff framing a white face, eyes and lips black gashes, is equalled by Michael Matou as the Director, a von Stroheim with a skull face, red glints in the dark eye-sockets. Both parts are apparently played at various times by Mr Kemp himself. On Monday, though *no announcement* was made, he was absent. The beautiful performances (as far as they go) left no room for disappointment, except regret at the limited repertory of grimace, silent mouthing and carefully uncoiled gestures that are the company's stock-in-trade.

The Director prowls a darkened set, bringing his memories to life until the coming of sound puts him and them to flight and provokes drunkenness and death in the silent stars (what, all of them?). Mr Kemp likes anguish, lots of it, as his piece on Nijinsky once showed. He should curb his tendency to philosophise about artistic creation, forbid his actors to mask the upstage screen when subtitles are projected on it, and content himself with fantastic arabesques in style.

'Educating Rita' heads 'Hamlet'

Willy Russell, of *Educating Rita* fame, has overtaken Alan Ayckbourn and Shakespeare as the UK's most popular playwright. According to the Arts Council 239,000 people saw his plays in the 66 theatres subsidised by the Arts Council, in 1983-84 compared with 227,000 for Shakespeare and 192,000 for Ayckbourn, who headed the list in 1983.

Educating Rita, with 404 performances and 161,800 seats sold, was the top production, followed by *Hamlet* and Ayckbourn's *Taking Steps*. Box office receipts from the subsidised theatre companies exceeded £26m, a 12 per cent rise on 1982-83.

The best attended theatre was the Salisbury Playhouse with 89 per cent capacity, followed by Duke's Playhouse, Lancaster, and Ipswich's Wolsey Theatre.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

April 12-18

Theatre

NETHERLANDS

Amsterdam, The American Repertory Theatre (Kerkstraat 4). Piaf by Pam Gems, directed by Raphael Brandow. (All week except Mon and Tue). (259495).

Amsterdam, De Stalhouderij (Eerste Bloemdwarsstraat 4). The English-Speaking Theatre of Amsterdam with Krapp's last tape by Samuel Beckett. (262282).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

Noises Off (Brooks Atkinson): The closest Broadway gets to the British farce tradition is this import of Michael Frayn's funny backstage view of all the slamming doors and dropping drawers. (245 3430).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

Strange Interlude (Nederlander): Glenda Jackson carries on an appreciated tradition of bringing American classics to New York from London in this marathon production in which director Keith Hack wisely makes the asides an integral part of the conversation. Limited engagement ends May 5. (921 8000).

WASHINGTON

Much Ado About Nothing (Folger): A recent reprieve on plans to close the theatre only coincidentally reflects the exuberance of this production, with its 1930s shipboard setting and interjection of such songs of the period as Night and Day. (546 4000).

Henry IV, Part I (Eisenhower): The first production of Peter Sellars' tenure as director of the American National Theatre Company is bound to be interesting, if not controversial. (254 3670).

TOKYO

Chorus Line: The Japanese version by the Shiki company, best-known for Cats, Japan's longest-running production (one year) and a sell-out. Nissei Gekijo, near Imperial Hotel. (320 4000).

Kabuki (Kabuki-za): Kotobuki Soga no Taimen, Danjuro Musume, Kemuki, Kanjincho (matinee); Ehon Taikoki, Kojo (formal name-taking ceremony), Sukeroku (evening). April sees the beginning of three months of ceremonies to mark a well-known Kabuki family member, Ebizo Ichikawa, assume the name Danjuro XII, in unbroken line since the 17th century. The Kabuki world is run by big families, not unlike the system of long-established circus families in Europe. In only the second accession this century, the Kabuki-za's gala programme will continue until the summer. Most of the big names in the Kabuki world will be on stage to lend their congratulations and many of the days will be Ichikawa family specials. One of the favourites is Sukeroku in which Danjuro will play the lead, a dashing hero and champion of the lower classes in 18th century Tokyo. Excellent English programme notes and earphone commentary. (541 3131).

Barefoot in the Park: The Japanese version of Neil Simon's play directed by Yutaka Kobayashi. Long Run Theater, Shimokitazawa. (414 0961).

The Tooth of Crime, A translation of Sam Shepherd's musical directed by Sakumi Hagiwara, produced by Parco/Engine Room. Stars Eiji Okuda. Seibu Theatre, Shibuya Parco Part 1, 9th floor. (477 5860).

La Marie Vison: One of the well-known plays by the late Terayama Shuji, Japan's foremost avant-garde director, timed to coincide with the second anniversary of his death. This is the play in which a transvestite plays the lead. Terayama's striking visual images mean there is no need to worry about the language. By Atelier O. Gels Hall, near Otsuka Station. (372 3897).

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

Other Places (Duchess): Colin Blakely and Dorothy Tutin in a reassembled trilogy of Pinter plays: A Kind of Alaska in which a victim of sleeping sickness awakes after 29 years; Victoria Station, a funny throw-back to Pinter's early revue sketches; and last year's One for the Road, a chilling piece of intimidatory police state confrontation with first Pinteresque intimations of political despair. (836 8243).

Tom and Viv (Royal Court): Michael Hastings's contentious but enthralling play about T.S. Eliot's first marriage returns after New York success, Edward Hermann a welcome visitor alongside the eloquently repressed vitality of Julie Covington as poor Viv. (730 1745).

The Government Inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the poseur as a shrieking nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

The Road to Mecca (Lyttelton): New Athol Fugard play about a desert dwelling bohemian eccentric, ostracised by neighbours and clergy, who strikes up friendship with Cape Town teacher. Yvonne Bryceland and Charlotte Cornwell give tremendous performances, but the evening is slow to catch fire and, frankly, not a patch on those early Fugard anti-apartheid explosions. (928 2252).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

The Mysteries (Cottesloe): Best if possible to see all three (The Nativity, The Passion and Doomsday) on one of the last remaining Saturdays (March 30, April 6, 13, 20). Thrilling contemporary reappraisal of the York and Wakefield cycles in Tony Harrison's muscular version and the acting of Bill Bryden's tough, endearing and resourceful NT company. (928 2252).

The Caine Mutiny Court Martial (Queens): Charlton Heston walks carefully on and off in Herman Wouk's famous courtroom thriller without disturbing too many memories of Bogart on film. In the second act he even acts a little, which proves rather more alarming a spectacle than when he is merely heaving himself around in a somnambulist daze. (734 1166).

Saleroom/Antony Thorncroft

Record for miniature

Sotheby's week of Islamic and Oriental sales came to life yesterday afternoon when an Indian miniature sold for £148,500, easily an auction record and beating a previous best of £75,000 paid at Sotheby's in 1983.

It was paid for a page from the emperor Akbar's copy of the "Dastani-Amir Hanza," an account of the exploits of the uncle of the Prophet Muhammad. It dates from around 1570 and carried an estimate of £80,000. An Armenian manuscript of the four gospels, dated 1620-21, went for £28,600, slightly below forecast.

Despite the very high price for the miniature the auction has its disappointments and an important Persian manuscript of 1505, with 13 miniatures and 228 leaves, was unsold at £32,000, well below its forecast.

Earlier, Sotheby's was having mixed fortunes. On Monday, leaves from old Qur'ans did well in the morning but a subsequent sale featuring longer sections met resistance from buyers and the afternoon session was 45 per cent unsold.

The top prices were the £26,400 for a Qur'an section of the 15th century, 33 leaves and Ottoman, and the £22,000 for a 16th century Persian Qur'an. In contrast, an Arabic manuscript on paper of a Qur'an section was unsold at £23,000, and another was bought in at £17,000. Yesterday, in the morning, Islamic coins made £68,850 with only 8 per cent unsold. A rare dinar of al-Mu'tamid of around 1068 made £2,640 to Spink.

While London awaits the sale on Thursday at Christie's of a painting by Mantegna, Christie's New York is getting excited about its auction of Old Masters on May 9, which is arguably the most important sale of Old Master pictures ever to be held in the U.S.

The pictures were collected by Samuel T. Fee, an oil millionaire from Oklahoma, and the 23 paintings on offer should bring in at least $11m. A view of Warwick Castle by Canaletto carries the top pre-sale estimate of $3m, while an oil sketch by Tiepolo for a fresco at the Villa Contratini at Mira, depicting the arrival of King Henry III of France, should make $2m.

*

The Victoria and Albert Museum has an unusual display of art on show until June 9—designs for the labels of the *premier cru* claret Chateau Mouton-Rothschild which, from 1945, have been designed by some of the leading artists of our time.

Among the artists represented are Picasso, Dali, Braque, Warhol, Motherwell, Chagall and Henry Moore as well as John Huston, the film director.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Wednesday April 17 1985

Mr Botha's reforms

THE DECISION by the South African Government to repeal the legislation banning mixed marriages and sexual relations across the colour lines is in many ways largely symbolic. No one should suppose it will lead to a rush of black and white marriages, nor that the larger barriers of *apartheid* will begin to crumble overnight.

Yet it is still symbolism of a most important kind. After years of seeking to enforce *apartheid* by an ever greater panoply of laws and regulations, South Africa is going through a period where some of the barriers between the races are being deliberately reduced. The abolition of the Prohibition of Mixed Marriages Act and of Section 16 of the Immorality Act are only the latest examples.

Flexibility

The repeal indeed must owe something to the constitutional reforms introduced under President Botha which allow Coloureds and Indians to be represented in the country's new tricameral parliamentary system. Certainly Coloureds and Indians will be able to claim that they have exercised some influence on the political processes. It is also notable how pressure of work is leading to demands for the three Parliaments — White, Coloured and Indian — to be more closely integrated. At present they meet together mainly in committee, but separately for debates. Ministers are finding, however, that this leads to unnecessary replication. By the start of the Easter recess talk of them coming together had become quite common: still a small reform in itself, but possibly the beginning of something bigger.

There have been other recent signs of flexibility in foreign and domestic policy. It would be naive to think South Africa has agreed to withdraw its troops from Angola without having satisfied itself that it has the situation firmly in hand, but the country has been taking part in international negotiations. The authorities also seem bent on keeping the agreements with Mozambique, even to the point of helping President Machel against his rebel forces.

At home the Government first went back on its decision to knock down Crossroads, the black squatter settlement near Cape Town. Now it is offering to legalise the presence of thousands of blacks provided they move to the new, modern, township of Khayelitsha two miles away. Not least, it reacted to the police shootings at Uitenhage by setting up what looks like a rigorously independent judicial inquiry. It is possible that the findings of Mr Justice Kannemeyer could lead to some reform of police conduct.

Yet President Botha still faces a major problem of credibility. South Africa has been unreformed for so long that it is hard for his critics, at home and abroad, to take him seriously when he says he wants to change. There is also a relatively new phenomenon in the way some of the blacks have turned against each other. The President wants to negotiate, but it is difficult to find black leaders to talk to when so many of them are subject to intimidation and worse by their fellow citizens. Much of the recent violence in the townships has consisted of attacks on black councillors who are accused of having sold out to the white authorities.

Restrictions

In those circumstances President Botha may have no choice but to seek to demonstrate his good faith by pressing ahead with reform unilaterally. There is no shortage of actions he could take. The Government could end influx control—the system of restrictions on freedom of movement for the blacks—altogether, or at least announce a timetable for phasing it out, instead of just acting selectively as it did as Crossroads. More attention could be given to black living conditions in the townships: better housing, education, transport facilities, sewerage, garbage collection, street lighting and numbered houses, would go along way to relieve non-political grievances.

The time may have come, too, to release Mr Nelson Mandela, the leader of the African National Congress, from prison unconditionally since it is arguable that he does the Government's reputation more harm locked up than as a free man. Equally, the Government could drop its treason charges against the United Democratic Front.

None of that would be enough for South Africa's harshest critics. Those who recognise, however, how difficult reform is and how far there is to go should at least acknowledge that it is under way.

The scrutiny of union elections

THE BRITISH trade union movement is going through a rough patch. By defeating the miners after the longest and most bitter strike since the war the Government has underlined the fading industrial muscle of the big unions with results which are already evident in this year's pay round. At the same time greater stress on the merits of free markets have raised new doubts about the economic utility of unions and such time-honoured practices as the closed shop. Now to cap these sources of public disillusionment the honesty of elections at the nation's largest union the Transport and General Workers (TGWU) has been called in to question.

At this stage, it is hard to judge the seriousness of the allegations of ballot-rigging in last June's election for Mr Moss Evans' successor as the TGWU's general secretary. So far less than 1 per cent of the votes cast have been queried. But then so far the voting at very few of the union's 9,000 branches has been scrutinised. Mr George Wright, the man who was narrowly defeated in last year's election, is due to present evidence of ballot-rigging tomorow but already Mr Evans has conceded that the union faces its gravest crisis for 60 years.

Red herring

The ballot-rigging row has already produced its first red herring. The TGWU's slipshod procedures, it is suggested, prove that the Government should not have backed down on its original intention to legislate for compulosry postal ballots in such elections. Last year's Trade Union Act rightly stipulates that unions should hold secret ballots for important executive posts and sets out some conditions for fair elections. But a secret ballot does not have to be a postal ballot to be fair as is demonstrated by Britain's parliamentary election system. The real issue is not whether unions have postal ballots but whether the rank-and-file membership has confidence in the stewardship of elections.

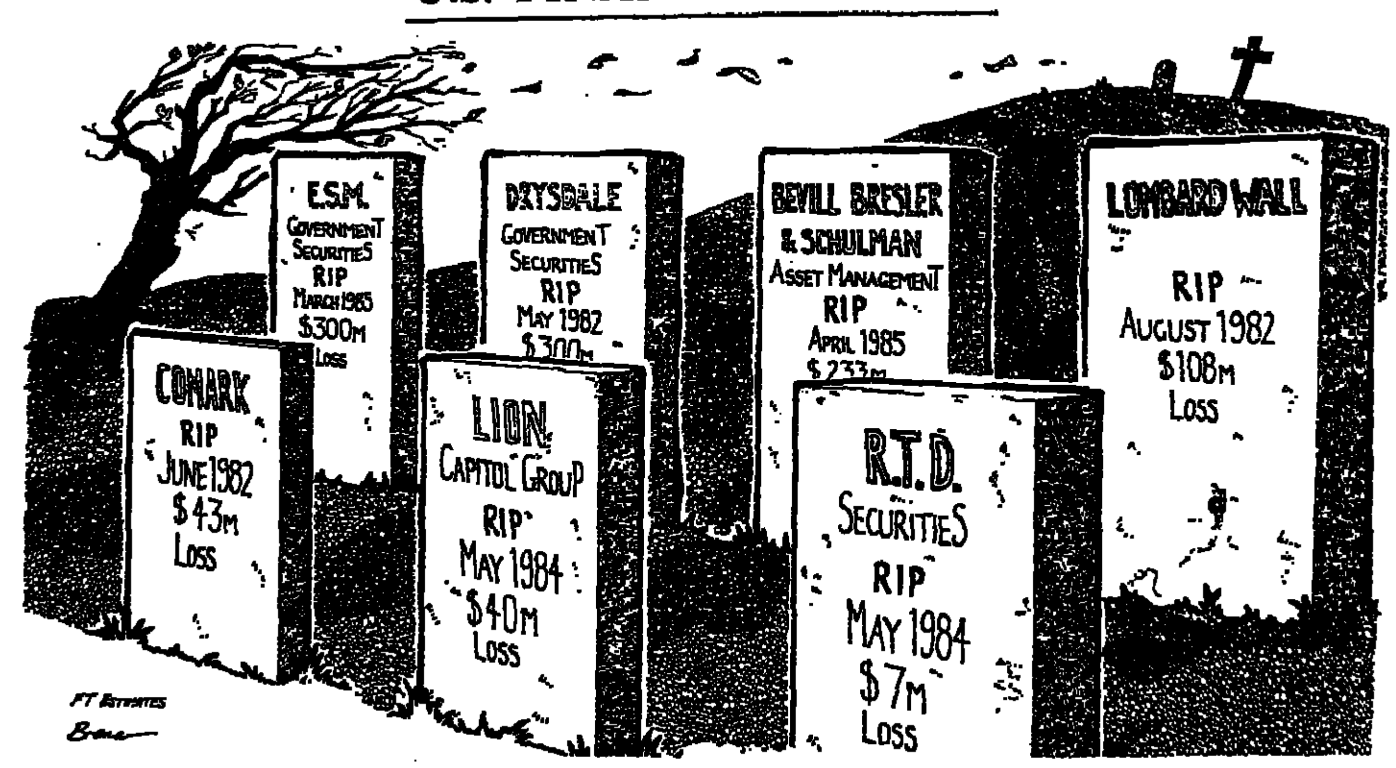
They keys to confidence in union elections are surely the presence of independent scrutineers and the publication of a breakdown of the voting pattern—at branch and workplace level if necessary. It is the failure to release details of branch voting and the absence of independent supervision that has made room for doubt in the TGWU election not its failure to hold a postal vote. In framing legislation governments should aim to give individuals and groups the maximum possible freedom. Although a postal ballot might be the most appropriate method for a union as large and as dispersed as the TGWU, the decision not to dictate this method was sound.

Testing period

The TGWU itself now faces a testing period. Mr Evans has already accepted in principle the case for a fresh ballot although the final decision rests with the union's executive council. The case for a fresh ballot looks a powerful one. Even Mr Ron Todd, last year's winner, accepts that he would be a lame duck general secretary without an unambiguous mandate. A fresh vote is important because Mr Todd and Mr Wright offer the TGWU such different futures. Mr Wright, supported by the Centre and Right, seems more likely to adapt to the harsher climate in which unions must now operate and more likely to endorse Lord Murray's "new realism" in the light of the changed political and economic climate.

But a fresh election would not be sufficient. Even if the ballot-rigging allegations do not continue to multiply, the onus is on Mr Evans to act to clear the TGWU's name. Mr Evans may feel it is ironic that the TGWU has been cast under a shadow when its voting procedures are by no means as bad as those of some other unions —certainly an improvement on the blatantly undemocratic block voting system used by the railwaymen and others. Yet if confidence in the TGWU is to be fully restored, another election on traditional lines will be inadequate. There must be greater transparency next time round and the introduction of independent scrutineers. In the meantime Mr Evans should not shuffle the burden of investigating complaints on to Mr Wright but instigate his own far-reaching inquiries.

U.S. FINANCIAL SYSTEM



The fear that more dominoes may fall

By Terry Dodsworth and Paul Taylor in New York

LIVINGSTON, New Jersey, population 31,000, is not noted for its position in the world financial markets. But the failure of the town's small government bond trading group, Bevill, Bresler & Schulman, has sent bankers the world over scurrying for their atlases.

Just five weeks earlier, 1,000 miles away in Fort Lauderdale, Florida, the collapse of a similarly modest Treasury securities dealer had sent shock waves through the U.S. financial system and started the U.S. dollar on its downward track. The two incidents have highlighted the far-reaching ripple effect of an upset in the ballooning U.S. Government securities market.

Even more disturbing in the eyes of some market players, the collapse of these fringe dealers is just one more example of fragility of the U.S. financial system. Overseas investors, in particular, who have been the main driving force behind the recent plunge in the dollar, point to a series of unnerving events.

These include the impact of the still smouldering Third World debt crisis on U.S. money centre banks, last year's $4.5bn Federally-backed bail-out of Continental Illinois Bank, the severe problems of Financial Corporation of America, the parent company of the nation's largest Savings & Loan, and, most recently, the problems of a large group of energy and agricultural banks.

In the U.S., these problems are for the most part seen both as containable and unconnected. Nevertheless, the failure of a series of Government bond traders has added a further dimension to what some see as a deep-seated nervousness among investors.

The unregulated dealers like BBS and ESM Government Securities down in Fort Lauderdale, play an essential role in the efficient operation of the expanding Federal government securities market. They are only minor players by comparison with the big New York trading houses such as Salomon Brothers, but without them the system would lack the liquidity that is so essential to the distribution of government stock.

They are also part of a market which is used by the Federal Reserve Bank of New York in its day-to-day money market operations. As Mr Gerald Corrigan, the New York Fed president, noted in a Congressional hearing earlier this month, "Purchases and sales are the primary vehicle used by the Fed in seeking to influence the growth of money and credit."

Fuelled by the ravenous appetite of the U.S. Treasury for new funds, the Treasury bond market has grown by leaps and bounds over the past few years. By next year, the U.S. Government's total outstanding debt will surpass $2,000bn. In 1981, when President Ronald Reagan came to power, it first hit $1,000bn.

On an average day, trading volume of the major bond dealers alone totals $60bn—up from $25bn just four years ago. These 36 "primary dealers"—members of "The Club"—report their daily transactions to the New York Fed. They are the only section of the market subject to any regulatory oversight. In return they have coveted access to four middlemen brokerage firms which provide them exclusively with wholesale price quotes.

A second tier of government securities dealers has sprung up to exploit market niches for special services mostly to institutions. Some of these players voluntarily provide daily reports to the Fed.

The third tier consists of perhaps as manly as 200 small regional firms who are totally unregulated. It is this section of the market which has been causing so much grief to their customers and their would-be regulators.

The cracks began to show first in May 1982 when a hitherto little known New York dealer, Drysdale Government Securities, went belly-up. In its wake two major New York money centre banks, Chase Manhattan and Manufacturers Hanover, suffered serious losses.

Over the next two-and-a-half years four more firms collapsed. Then on March 2 disaster struck again. Amid widespread allegations of fraud and mismanagement, ESM was closed down by the U.S. Securities and Exchange Commission. And exactly five weeks later, the doors were slammed shut at BBS.

Even before these latest troubles hit the system, the Fed and other regulatory agencies had been edging towards some degree of greater control over the unregulated third market. Indeed just days before ESM went under, the Fed published proposed voluntary capital adequacy guidelines for all securities dealers.

The failures have raised anxieties that the government securities market is becoming too unwieldy with "buckets of money sloshing around," as one participant puts it.

Innovation has led to the creation of new trading strategies involving, among other instruments, futures contracts and over-the-counter Treasury securities options. Many deals are also highly-geared, meaning that dealers can sometimes buy securities for their own accounts by putting up as little as 3 per cent of their face value and taking enormous bets on the direction of interest rates.

The "bread-and-butter" business of many dealers—and the area in which both ESM and BBS appear to have become finally unstuck—lies in complex activity of repurchase (repo) and reverse repurchase (reverse-repo) agreements.

Under a standard repurchase agreement, a securities dealer will borrow money by selling a government bond to an investor, agreeing to buy back the security at a later date and fixed higher price. The difference between the sale and repurchase price represents the interest on the loan due to the investor. Meanwhile, the securities dealer uses the proceeds of the transaction to deal in the bond market with the hope of covering his costs by making a profit.

In repurchase agreements the investor should be protected by physically holding the security as collateral for the loan. However, in the case of the recent failures, many investors had never taken delivery of the securities against which they had advanced loans.

An even more complex variation is the reverse repurchase agreement where the roles of security dealer and investor are switched. The principal danger which has emerged from reverse-repos is that if the dealer goes bust, the investor has no control over the securities which he has physically delievred to the dealer.

The most obvious danger of such transactions is that if the market moves against the dealer during the period of the agreement, he may find himself unwilling or unable to complete the final stage of the transaction.

A more sinister threat — and one which has allegedly emerged in the latest cases — is that of fraud. The securities in these deals quite often never actually change hands, raising the possibility of their use in several concurrent transactions. In the ESM case in particular, it is claimed that the firm routinely used the same securities pledged as collaeral in a reverse repurchase agreement to undertake other deals.

Such opportunities for fraud have been made much easier because so many new and inexperienced customers, for example small local authorities and regionally-based Savings and Loans, have entered the market for government securities.

Mr Griffith X. Clarke, the only dealer who does not report to the Federal Reserve Board to give evidence before one of the many Congressional committees investigating the causes of the ESM collapse told his audience: "many participants do not bother with even a cursory check into the business backgrounds of their dealers."

He added: "The simple fact is that if the various municipalities, school districts and others had insisted upon securing delivery of what they had purchased, this incident would never have reached the proportions it has."

Paced by deregulation in the U.S. financial services industry and the pressing need to improve upon paltry profitability, U.S. regional savings banks in particular have plunged into deals with the unregulated sector on the market in search of what some Wall Street analysts describe as "a few basis points" of extra yield.

Until a few years ago, many of these thrift institutions were content to stick to their basic business of collecting local deposits and investing the proceeds in providing home mortgages. But deregulation has changed all that, forcing them to become more active and aggressive participants in the nation's money markets.

The level of their involvement in securities trading is sometimes surprising given their size. In the case of Home State Savings, the Ohio Savings Bank whose collapse led to a state-wide privately insured savings bank crisis, its losses alone from its dealings with ESM totalled about $150m. When it failed, Home State, which had assets of about $1.4bn and deposits of about $668m, had outstanding transactions with ESM involving securities with a face value of $640m.

ESM's losses are thought to amount to about $300m, rivalling those generated by the Drysdale collapse, while BBS's losses are being revised upward almost daily. At the last count, the receiver appointed to unravel BBS asset management's affairs, estimated total losses of about $275m.

According to the Federal Home Loan Bank Board (FHLBB) $200m of the BBS loss will fall on the shoulders of 73 U.S. savings banks. It warned that several may fail as a result.

The collapse of BBS has already highlighted the perceived risks of the "domino effect" rippling through the U.S. financial markets. One factor behind the BBS failure is believed to have been the demands of customers to see their collateral in the wake of the ESM debacle.

Such concerns have led to a wave of rumours about problems in other dealing houses faced with similar client requests. Many could clearly be embarrassed should these requests become widespread.

A second danger, already apparent, is that such problems will cause increasing nervousness about the already shaky financies of the U.S. savings and loan industry.

Furthermore, anxieties about the unregulated sector of the Government bond market, could force customers into the arms of more well established dealers. A contraction of the repo market would have the effect of pushing up the cost of funds for the the Treasury—and the taxpayer. Economists note that a 10-basis point rise in Treasury yields pushes up the Government's cost of funding by $2bn a year.

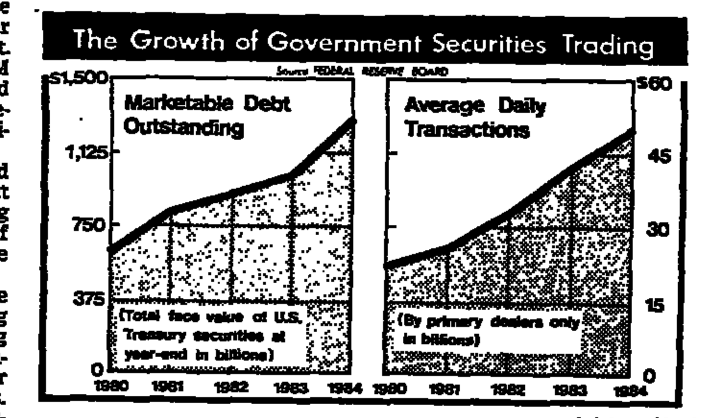
It is these sort of concerns which have set the parameters for the current lively debate in Congress and on Wall Street.

Some Congressmen seem to feel that there will have to be some form of increased institutionalised regulation of the markets if investor confidence is to be maintained. Specifically, Representative Timothy Wirth, Democratic leader of the House Energy and Commerce Committee, earlier this week tabled a Bill which would establish a 17-member "public rulemaking board" to oversee the activities of participants in the Government securities market.

The existing regulatory authorities, on the other hand, appear to favour some form of self-regulation. Mr Corrigan, for example, told Congress that while he was not satisfied with the current arrangements, legislators should proceed "cautiously." The Fed, Treasury and SEC have promised Congress a report on their proposals by late June.

If it comes to regulation, the market participants themselves appear to prefer more surveillance by the Fed. But most dealers also make the point that a self-regulator system is the ideal in a dynamic marketplace —and that the best guarantee against disaster is properly-informed investor decisions.

"No formula," said Mr Clarke, "can ever insulate an investor from the consequences of his own decisions."



Leighton Morris

Men and Matters

How the West might win

With Norman Tebbit, Britain's trade and industry minister, busy in Tokyo telling the Japanese about the British goodies they ought to be buying, it is instructive to see what the Japanese prime minister Yasuhiro Nakasone is actually doing to help his western friend.

Tokyo straphangers on the subways have been greeted by government posters, newly pasted-up this week, urging them to come to the aid of their country by buying more foreign products.

They carry a picture of Nakasone with the message, "Never before have imports been so important to us."

While an export drive running in reverse is somewhat bewildering to western eyes, the Japanese trade and industry ministry insists its slogans on subways and commuter trains are only the start of a $120,000 poster campaign to get the novel message over to Japanese commuters during the month to come.

At the weekend the ministry, and the semi-government Japan External Trade Organisation sponsored a streetside exhibit of foreign products in the central Tokyo Ginza shopping area.

Uniformed young women wearing sashes saying "manufactured products import campaign" handed out leaflets explaining the virtues of buying foreign—while officials took turns hawking imported goods, even Australian wines.

While Japan's political leaders are stil ldivided over whether to encourage imports, Nakasone's publicity stunts are passing the decision-making to the buying public.

Older men

Keen readers of this column will have noticed the cautious manner in which I chose to answer my own question yesterday as to who would be the most senior City Banker in Sunday's London marathon.

"Possibly" Oliver Stocken, of Barclays Merchant Bank, I wrote. The qualification was wise, for who should step forward in his pin-stripes and trainers but David Walker, a director of the Bank of England since 1982 and, at 46, three years young Stocken's senior. Walker, who is responsible for the regulatory side of the City, took part last year and managed all 26-and-a-bit gruelling miles. Now he is to run again.

But Stop Press! Another veteran financier is pushing forward—this time Jan Hildreth, of Minster Trust. Aged 52, Hildreth has taken the money and run ever since Oxford and has competed manfully in all five London marathons. He is even hoping to break three hours.

Is he, though, definitively, the oldest City banker to take part this year? Possibly. This one should run and run.

"Either things are worse than we thought or it's the new Minister for Waste fact finding"

Kester's return

The far-from-retiring Simon Kester, former chairman of Sol-Tenco, part of the Allied Lyons Group, has been tempted back into gainful employment in the food industry as head of a new European beverages venture, Fine Foods International.

Kester, a month short of his 61st birthday, is no stranger to change. In the 1960s, when he was an actor, his was one of the "best-known faces on television," he tells us. He used to appear in the nation's living rooms as counsel for the prosecution or defence in those venerable courtroom dramas, The Verdict is Yours, and was also to be witnessed as presenter on ITV's original books programme, The Bookman.

It was while employing the "provocative style" that earned his the title "The Man You Love to Hate" that Kester was approached by Hugo Lowy, chairman of Sol Cafe, and asked to plead the case in Britain for own-label coffee. The transformation was smooth. Soon, he reminds us, he was "the country's leading exponent of private label marketing." When he "retired" last year, his return was confidently predicted.

Fine Foods will see Kester co-operate in private labelling with Jan Beernd Rothfos, a member of the Rothfos family, whose coffee interests are worldwide. Already, no doubt, there is an aroma of success.

Limelight

Public relations men normally like to create the glare of publicity for their clients. Yesterday, the spotlight fell on PR itself. George Westropp, who has been in charge of publcity at accountants Touche Ross since 1979, moved to centre stage when he became the first of his breed to become a full partner in the firm's management consultancy arm.

Westropp, 41, is responsible at Touche Ross for public affairs, public relations in support of marketing and advertising and PR in Europe for Touche Ross International. He will continue to move in these areas, but the fact that he will now do so with full executive authority is a reflection not only of his own success in the field but of the more central role that PR has carved out for itself in management consultancy.

Westropp's father,. Edward Westropp ("The Man who Moved the Markets") was a famous Sunday Express City Editor, and the son cut his teeth on Express Newspapers before moving through the Exchange Telegraph and the Press Association into financial PR.

Yesterday was also a good day for feminism at Touche Ross. Elizabeth Martin, a 41-year-old wife and mother, was among 10 new partners announced by the firm, and is the first woman to achieve such status in the firm's 100 years of business.

In-fidel-ity

Is Cuba's Great Dictator mellowing at last with age? Fidel Castro has been regaling visitors recently with his changed views on life. No longer is he exporting revolution to Latin America. No longer does he even need to believe in Marxism-Leninism.

But then, with his famous mocking laugh, he adds: "I only have to believe in the International Monetary Fund. They will do it all for me."

Stormy see

"The Bishop of Durham knows what he is doing" claims graffiti outside a Berkshire church hall. To which someone has added: "That's what scares me."

Observer

LITERACY IN BRITAIN

Why the unease persists

By Nick Garnett, recently in Rochdale

IN A four storey former textile warehouse in the small town of Rochdale, north of Mnchester, a group of 70 boys and girls are being taught basic welding and carpentry skills.

A steady stream of small toys, dog kennels, bedding boxes and wrought iron gates is generated every week by the 16 year olds whose first taste of life after school is in one of the Youth Training Scheme (YTS) workshops managed by the local council.

But wood and metalworking are not the only subjects. At one end of the ageing redbrick building, two boys sit in a small office, ponderously scribbling away with pen and paper under the watchful eye of Mr Ian French, a 51 year old ex-schoolteacher and now the workshop's training officer.

The two boys are among forty receiving tuition in reading and writing. Mr French says the group's literacy estandards are so poor after eleven years of schooling that further basic teaching in the two 'R's' is essential.

"It shocked me when I first came here. The general standard is so very, very low," he says. "Of the sixty per cent who get extra teaching most have writing which is very infantile. Among the others the general level of literacy is poor."

School standards are an inextricable part of the wider "debate" now going on within the teaching profession. The teachers unions, complaining bitterly about poor morale and alleged cash starvation of schools, are locked in a battle with the Government over pay. The Department of Education meanwhile wants to introduce assessments to weed out supposedly inadequate teachers and next year is introducing a controversial new exam for teenagers.

The Need for Good Order, a report published this month by the National Association of Schoolmasters/Union of Women Teachers, warns that increasing classroom disruption by a minority of pupils, partly spawned by youth unemployment, is threatening the standard of education for the majority. This month also the Educational Publishers Council has again pointed to a general shortage of books in schools.

Rochdale has some peculiar characteristics, but in most ways it is as good a place as any to test whether the literacy problem is under control or getting worse. A controversial report last year by local YTS organisers on the literacy standards of 600 school leavers who joined YTS training (managed by the local council on behalf of the Manpower Services Commission) was so generally depressing that some follow-up studies were carried out.

The council's education advisors subsequently reported that the testing methods had been faulty and that on closer examination these same school leavers displayed "adequate" literacy levels. That was met with some disbelief by those involved in training Rochdale's school leavers.

Literacy problems are nothing new, locally or nationally. Some 2.5m to 3m adults are estimated to have some form of reading or writing difficulty ranging from an inability even to recognise the alphabet to inadequate spelling. More than 350,000 people have taken adult literacy courses in the past decade through a growing if still inadequate locally-based system of teaching groups that really took off with the BBC's *On The Move* series in the mid-1970's.

A development study in 1981 by the National Children's Bureau of 17,000 23-year-olds born during one particular week revealed that 10 per cent believed themselves to have some problems with reading or writing though only 3 per cent said it affected their daily life. The previous year a National Adult Literacy and Basic Skills Unit (ALBSU) was set up by the Government. It operates now on a £1.8m yearly budget.

Children in a school workshop, where literacy takes second place

Literacy standards of school leavers appear to be better than they were 30 years ago, but observers are unsure what has been happening over the past few years—there is no formal testing of school leavers' literacy. Smaller class sizes should have lifted the level of individual attention devoted to pupils with literacy difficulties and more capacity for remedial teaching was introduced in the 70s.

Yet there is considerable unease, particularly in older manufacturing areas like Rochdale, about the impact of continuing—and in some cases worsening—social deprivation, still rigid exam-orientated teaching systems and the effects of unemployment.

Mrs Velma O'Shea, a senior careers officer in the town which has 17 per cent unemployment, says that the shadow of unemployment now affects not just 15 year olds but some twelve and 13 year olds as well.

"Even ten years ago a lot of these kids would leave school and just wander down to the local engineering or textile mill and sign on," says one YTS supervisor. "With all these factory closures they can't do that any more. Even with YTS you've got to fill in forms."

As a sign of rising literacy requirements, the Co-operative Wholesale Society (CWS) has recently sent some workers in its farming business on a literacy course to help them cope better.

The National Union of Teachers, Britain's biggest teaching union, complains that cash cutbacks have hit remedial teaching but argues that literacy standards are improving. "The literacy problem of school leavers has been cracked," says one union spokesman.

Mrs Jean Tarry, YTS co-ordinator for Rochdale Council disagrees, "I feel the standards are pretty appalling. They seem often to be so careless in their approach. General problems apart from scrappy presentation include sentence construction, spelling, punctuation and woolly thought processes," she says.

Council education officers counter by arguing that the judging criteria was poor and that there is a big difference in performance of many children when tests like the one carried out by Mrs Tarry, are put in a context they understand.

Rochdale has socially disadvantaged housing estates and a relatively high proportion of single parent families, but so do many "inner city" areas. It also has an Asian population making up 15 per cent of its total. Whether white children are held back in schools where Asians are in the majority is a principal issue in the controversy over the suspended headmaster of a middle school in Bradford who claims that they are.

But Rochdale does not have the West Yorkshire city's concentration of Asians. Of the 600 YTS trainees tested, only 10 were Asians.

Many companies, including Ferranti which recruits in the town, report no special problems with the literacy of their trainee intakes though many have a stringent recruitment process.

In evidence to a Parliament Committee in the late 1970's the CBI said it was disturbed at what it saw as declining literacy standards of school leavers. It said last week that there were many "old wives tales," about reading and writing standards, but the lack of them can be a problem for companies recruiting in deprived areas.

Extra tuition is not always the answer, but a 1979 study by the National Foundation for Educational Research found that about 75 per cent of its sample of people who had been through post-school literacy teaching showed very noticeable improvements.

Some tutors believe part of the problem is embedded in the education system—a shortage of funds, a too-rigid teaching system in which slower children slip further behind if they miss part of the learning sequence and not enough attention given to some of these children.

A common story is of mild-mannered struggling pupils who slip out of the educational net. "I think some of them sit there at the back of the class, switch off and no one comes to find out what's going on," says Mrs Sheila Simpson, a tuition and training organiser in Manchester.

"For some the school doesn't engage them as people," says one of her colleagues. "Schools tend to label people very quickly."

Mr Alan Wells, director of ALBSU argues that Britain is prepared to accept too low a standard. "We should try to ensure that the educational net is good enough so that not so many slig through it."

Unemployment

Giving 'outsiders' more chance against 'insiders'

By Assar Lindbeck and Dennis J. Snower

UNEMPLOYMENT IS such a common problem that the layman would doubtless be surprised to find how much trouble economists still have in explaining why it exists. It is fair to say that most attempts to explain persistent involuntary unemployment have failed to respond to two fundamental questions: (1) Why do unemployed workers not attempt to underbid their employed comrades? and (2) Why do laid-off workers not try to retain their jobs by offering to work for lower wages?

Our attempt to answer these questions is based on the recognition of an important conflict of interest between workers who already have a job — the "insiders" — and those who are unemployed or laid-off — the "outsiders." The insider-outsider theory is founded on the observation that firms find it costly to yield to underbidding and that outsiders find it disagreeable to underbid. The insiders know this and take advantage of it in their wage demands; the outsiders know it, too, and thus do not bother to underbid in the first place.

The reason why it may not be profitable for firms to accept underbidding is that the process of firing an insider and hiring an outsider can be costly. The cost may take a variety of forms.

First, there are straightforward hiring and firing costs.

Second, there are productivity losses associated with labour turnover. Firms with high rates of turnover generally offer low job security, little opportunity for advancement, and limited incentive for workers to build reputations on their jobs through work effort. The concomitant decline in workers' morale explains the adverse effect on their productivity.

Third, productivity losses may also stem from the withdrawal of insiders' co-operation from entrants and laid-off workers when these attempt to underbid. As a result, outsiders who seek jobs and the laid-off workers who try to retain them by underbidding—quite apart from their innate skills—tend to be less productive than the insiders.

Finally, when insiders feel that their positions are threatened through underbidding, they may attempt to protect themselves by harassing would-be entrants and laid-off workers. Consequently, outsiders with the same job characteristics as the insiders may hesitate to underbid, because the resulting working conditions would be disagreeable.

Just as the outsiders must set the income gains from employment against the disagreeability of being harassed on the job, so the firms which contemplate replacing insiders with outsiders or laid-off workers must set the wage saving against the associated costs. To make matters worse, the wage saving from hiring new entrants is likely to be short-lived. For after an entrant has been hired and trained and integrated into the firm's workforce, he gains all the characteristics of an insider; indeed, he becomes one. Before long, he seeks to bring his wage into line with the other insiders. Once that happens, the firm's wage-saving evaporates. All that the firm gains lies in the wage differential between insiders and outsiders over the limited period of time during which an outsider turns into an insider.

Since insiders, for these various reasons, are less costly to their firms than outsiders, *they have an inherent advantage* over outsiders in wage negotiations. The upshot is that they can raise their wages well above what the outsiders would be willing to work for, without inducing firms to replace insiders with outsiders.

This is where the unions enter the picture. They are able to amplify the costs of hiring and firing per worker (eg through severance pay and firing procedures) and give insiders greater latitude for varying the degree of co-operation and harassment. Furthermore, they provide the workers with a whole set of tools—in particular, the strike and work to rule—which augment the firm's cost of replacing insiders by outsiders. Thereby unions give leverage to insiders' market power, enabling them to achieve much higher wages than they could have done in isolation.

The policy implications of the insider-outsider theory are far-reaching. It deals with unemployment that arises from a conflict of interests between employed and unemployed workers (including the newly laid-off). Yet policy measures which reduce this conflict of interests—such as reductions in severance pay, easing of firing procedures, weakening of union power—help the entrants at the expense of insiders and laid-off workers

Clearly, the longer the time span over which wage agreements for entrants can be enforced—for instance, in the form of apprenticeship systems —the longer the period over which firms are able to take advantage of the differential between insider and entrant wage claims. Thus, the higher the saving in the labour costs of admitting new entrants relative to the associated hiring, firing and training costs, the lower the level of unemployment.

Moreover, if general skills are an important constituent of workers' overall productivity, then vocational training schemes erode the insiders' advantage over the outsiders, and thereby reduce unemployment; yet if firm-specific skills predominate, then these schemes are of little help to the entrants and thus the reduction in unemployment will be small.

In addition, revenue-sharing schemes (whereby all workers receive part of their remuneration in the form of a given share of the firms' value added) would also reduce unemployment, since they would mitigate the insider-outsider conflict.

The insider-outsider paradigm provides a microeconomic explanation for the prevalence of involuntary unemployment. It suggests that job prospects for unemployed workers (as distinguished from those that have been laid off) may be improved by policies that reduce the market power of insiders (for example by lowering hiring and firing costs). Increased use of apprenticeship systems and revenue-sharing schemes—preferably in combination—would also be conducive to reducing unemployment.

Assar Lindbeck is professor at the Institute for International Economic Studies, University of Stockholm and Dennis Snower is Reader in Economics, Birkbeck College, London.

Letters to the Editor

No case for tax cuts

From Mr E. Salama

Sir,—The case made by Samuel Brittan (April 11) is not, as he claims, one for tax cuts. Rather, it is an indictment of the Government's unwillingness to increase domestic demand, by whatever means, and yet another example of how poor the case for tax cuts really is.

Mr Brittan tells us that "in most countries inflation is low and stable enough to at least justify easing the downward pressure on nominal GDP growth." Surely he will agree that the UK is one of those countries and that the 8½ per cent increase in money GDP contained in the budget red book is inadequate. Substantial studies have indicated an unemployment rate far in excess of any "natural rate." Even those worshippers of natural rate philosophy will agree that the Government could increase demand without fear of fuelling inflation. Indeed it is the absence of any demand measures to complement the budget supply side measures which has attracted criticism from every group outside the Cabinet.

Mr Brittan's case for tax cuts as opposed to infrastructure spending is even more puzzling. Since he admits that tax cuts will inevitably increase the budget deficit, his argument against public spending increases rests on a mysterious belief that such spending would be protectionist and "designed to bolster declining uncompetitive industries." How much-needed and job-creating increases in housing and construction investment fits into Mr Brittan's world, I do not know. If he is unwilling to listen to those at home, perhaps Mr Brittan would look at the European Commission's recent proposals. A body not renowned for its Keynsian bias, it advocates "a co-ordinated development programme for major projects of Community interest. The advantages of infrastructure spending over tax cuts in terms of relative cheapness of job creation and the certainty involved in such creation remain largely unchallenged. The case for tax cuts remains unconvincing.

Eric Salama.
30, Canning Road, N5.

Rewards for ability

From Mr E. Balfry

Sir,—A scrutiny of ICI's 1984 report reveals the following percentage increases compared with 1983:

Earnings per £1 ordinary stock	50.38
Profit retained	72.72
Chairman's emoluments	69.99
Directors' total emoluments	43.02
Employees average wages and salaries	11.05
Dividends on ordinary stock	25.00

I am all for rewarding ability and effort and enterprise but I consider the variations between the chairman's and directors emoluments and the dividends paid to shareholders is thoroughly objectionable.

Directors and employees in public companies are now well paid and compensated for redundancy and loss of office as well as enjoying the benefits of share option schemes whereas the ordinary shareholder bears the financial risk in the event of the failure of the enterprise, and is expected to subscribe additional finance when required.

It would seem that there is a clear case for linking increases in directors emoluments with any increase in dividends paid to shareholders and subject to approval at the annual general meeting.

E. C. S. Balfry.
510 Streetsbrook Road, Solihull, Warwicks.

Seven ways to lance a carbuncle

From Mr L. Mellinger.

Sir,—I am surprised that amongst the seven styles which Colin Amery illustrates (April 15) as possible architectural solutions to the National Gallery extension none sees fit to subordinate the new building to the existing. Consequently they all look like a second self-contained gallery, rather than part of the National.

Is that the promoters' intention? If not, I suggest that this time the brief is most carefully formulated, and perhaps publicly accepted, before architects put pencil to paper with ideas that may well be irrelevant.

Lucas Mellinger.
4 Kew Green, Richmond, Surrey.

An invitation from Japan

From the Director, International Chamber of Commerce UK

Sir,—Your leader "Trade at the Eleventh Hour" (April 11) refers to Japan's "obstinate bureaucratic protectionism."

Much attention is currently being given to the contrast between the declared intentions of the Japanese Government, now enshrined in Mr Nakasone's "action programme" to increase domestic sales of foreign manufactured goods, and the realities of the market place where penetration is still so hard to achieve.

On March 22, a delegation of the International Chamber of Commerce (ICC), led by the Hon William Eberle, formerly special trade representative for two U.S. Presidents, met Mr Kasuo Nagasugi, Vice Minister of Trade at the Ministry of International Trade and Industry (MITI) in Tokyo to discuss this very subject. The writer was the only representative of members of ICC United Kingdom at the meeting.

The general points about the obfuscation of Japanese regulations, Japanese testing procedures, the exclusivity of the distribution chain and other non tariff barriers were made to the Minister, who had already confirmed Japan's wholehearted support for free trade.

Expressing some impatience at the repetition of general points he had heard so often before, the Minister invited any foreign manufacturers with specific problems related to their particular sector to go and see him and explain them.

It seems to us that this is an invitation that should be taken up by any of your readers who have problems, but have not yet made their case at this level.

G. N. F. Wyburd,
103, New Oxford Street, WC1.

The state of Iran today

From Mr A. Ashari

Sir,—I was most disappointed, not to say dismayed to read your special feature on Iran, which was published on April 1. In spite of the date, I can only surmise that your intention was to further the knowledge of your readers about that troubled country. This, you singularly failed to do.

The simple fact of the matter is that the popular insurgency which deposed the late Shah and which brought Khomeini to power has led to an incompetent tyranny by an elderley clergy over the peoples of Iran. In the past six years over 400,000 have perished in a pointless war, which serves no purpose other than that of reinforcing the regime's control over the patriotic armed forces and its emotional sway over the masses. During this period, over 2m have been made homeless, hundreds of thousands have suffered arbitrary arrests and the wrath of various kangaroo courts, many have been killed at the whim of the mullahs and countless citizens have faced violations of their rights. The Reign of Terror after the fall of the Bastile in 1789 could be considered to be an innocuous side show compared to what is going on in Iran today. Yet your correspondent is happily oblivious to all this.

Today in Iran, the economy is in shambles, inflation at a new high, oil production at an all time low, house building non existent social and welfare programmes abysmal, manufacturing industry stagnant, public morale terror-stricken and military morale apathetic. Yet, the regime staggers on, destabilising not only the Gulf and Iran's immediate neighbours, but also distant places like the Lebanon.

Of course Mehdi Bagargan is right, all facets of the economy are in a state of crisis, there is a crisis in the political realm exemplified by the ignorance and egomania of officials. But that is not to say that the Iranian people have finally become quiescent to tyranny and oppression, because let us never forget that it is only a mere six years ago that these very same people said no to another dictator.

A. Esna Ashari,
for the Executive Council,
National Movement of the Iranian Resistance.
PO Box 313, London W2.

A critical factor

From The Junior Dean, Templeton College

Sir,—It was an amusing—if perhaps somewhat cruel—idea to invite Douglas Jay, a man overshadowed by a more famous son, to review (April 6) a life of Sir Austen Chamberlain, a man overshadowed by a more famous father. Less happily, this resulted in one of the greatest Francophobes in British political life evaluating the achievements of one of the greatest Francophiles.

Unsurprisingly, Mr Jay did not emphasise the conclusion which could be drawn from Dr Dutton's account of Chamberlain's strategy in the negotiations prior to the Locarno Treaty, a conclusion reinforced by Mr Heath's negotiation of the Treaty of Accession to the EEC, namely that achieving a close accord with the French Government is a critical factor in successful negotiations over Britain's role in Europe.

It is a pity that this lesson was not drawn given the Government's declared commitment to further development of the Community, especially since

J. R. S. Egerton.
Kennington, Oxford.

FINANCIAL TIMES

Wednesday April 17 1985

Francis Ghilès charts the improving relations between Algeria and the U.S.

A slow shift of alliances

PRESIDENT Chadli Benjedid of Algeria's state visit to Washington underlines the considerable recent improvement in relations between the two countries.

Since Algeria's independence from France in 1962 and up to 1981, when its diplomats played a key role in releasing the U.S. hostages held in Tehran, Algerian leaders were not welcome in Washington.

Former presidents Ahmed Ben Bella and Houari Boumedienne did come and pay their respects, but only when visiting the United Nations. They were viewed as little more than Soviet stooges. Their hard line in Opec and over the Palestine Liberation Organisation (PLO), their strident anti-Western rhetoric in the North-South dialogue and the number of hijacked airliners which ended up in Algiers all considerably upset the U.S.

Diplomatic relations were broken off during the October 1973 Arab-Israeli war, and Algeria's strong backing for the "steadfastness front" of hard-line Arab states which rejected the Camp David agreements after 1977 did nothing to ease relations. Throughout those years, Algeria's press and radio spared the U.S. no insult.

Yet, even as political relations remained frosty, oilmen from Houston were busy developing Algerian oil and gas. When French oil interests were nationalised in the spring of 1971, Algeria's state oil and gas monopoly Sonatrach sought even more Texan help. The oil companies introduced such major U.S. banks as First National Bank of Chicago and Citibank into the North African country while their European equivalents remained aloof.

Since then, the U.S.-Algerian gas saga had had its dramatic ups and downs. Today only a relatively small contract survives between Distrigas of Boston and Sonatrach, although last month Cabot Energy Supply, a subsidiary of Distrigas, won U.S. Energy Department approval to import gas on a spot basis. Were Sonatrach to accept such a proposition, however, the volume of gas the Algerian company could export to the U.S. would not rise dramatically.

These ups and downs have not prevented Algeria from running up a massive trade surplus – $2.52bn in the first nine months of last year – with the U.S., which took about 30 per cent of its exports of liquefied petroleum gas and oil.

Despite the decline in U.S. sales, Algeria remains very interested in U.S. technology in oil and gas, telecommunications, aircraft, water and farming, as witnessed by the 48 hours President Chadli will spend in California after his stay in Washington.

Algeria has also shown interest in buying military equipment as it has sought to diversify military supplies which until a few years ago came exclusively from the Eastern bloc.

THE U.S. has approved weapons sales to Algeria for the first time in the North African nation's 23 years of independence, agencies report from Washington.

The State Department announcement, made as Algeria's President Chadli Bendjedid was due to arrive in Washington to make the first U.S. state visit by an Algerian leader, said that the Reagan Administration had decided to expand current U.S.-Algerian military co-operation to include "defence equipment if, and as, the Government of Algeria request purchase of such items."

Algeria had made no formal request, a spokesman said, and any requests would be "considered on a case-by-case basis consistent with the U.S. interest in peace and regional stability."

Algeria has long been a rival of neighbouring Morocco, supporting guerrillas fighting the Moroccan Government for the independence of territory in Western Sahara. The situation is complicated because Morocco is a close ally of the U.S.

The spokesman declined to specify what equipment might be available to Algeria, but the Washington Post quoted Mr Mohamed Sahnoun, the Algerian Ambassador, as saying President Chadli was seeking military aircraft and radar. The spokesman said the Administration's move would expand the existing "limited" military co-operation arrangements.

America's attitude towards Africa's second largest country is shifting because the Administration sees Algeria emerging as the dominant power in north west Africa and one well equipped to play an active role in Middle Eastern, African and Third World affairs. Algerian leaders are listened to in Tehran. In 1983, they lined up the $50bn in reparations Iran had demanded from Iraq as a precondition to negotiating with Iraq's President Saddam Hussein. Those talks came to nothing but, sooner or later they will have to resume.

Algeria also has strong links with the PLO, but it is its capacity and inclination to counterbalance Libya which Washington most appreciates both because of its violent aversion to Libya's leader Colonel Muammer Gadaffi and because of growing apprehension about the future stability of Tunisia after the ageing President Habib Bourguiba has left the scene.

Seen from Algiers a solid working relationship with the U.S. is now essential. The two countries may not see eye to eye, but Algeria has come of age, and the anti-American rhetoric is a thing of the past.

President Chadli is known to his countrymen as Jeff Chandler because of his resemblance to the U.S. actor. As befits their partly French culture, many Algerians are cinema buffs. When he meets the President of the U.S., observers do not expect any high profile statements. Rather, if the visit goes well, it will underline the slow but sure shift of alliances in North Africa.

Airbus wins foothold in China with $150m order

By Michael Donne, Aerospace Correspondent, in London

AIRBUS Industrie has won its first order in China – for three aircraft and options on two more. The $150m deal could represent a major breakthrough for the European company and lead to further big orders.

The deal was announced yesterday in Peking when agreement was signed between Hu Yizhou, director general of the Chinese Civil Aviation Administration (CAAC) and M Jean Pierson, who recently succeeded M Bernard Lathiere as president of Airbus.

The aircraft involved are A-310 Series 200 wide-bodied airliners, of which the first two will be delivered to Shanghai in June with the third following in May 1986.

They will be used on regional domestic routes inside China, replacing smaller, narrow body aircraft of less advanced technology. Each A-310 will seat a total of 228 passengers. They will use U.S. Pratt & Whitney engines (JT9D-7R4Es).

The deal follows a now familiar pattern of Chinese orders for Western airliners. An initial order for a small number of jets is placed, designed to enable the CAAC to prove the aircraft in service. If satisfactory it is likely to be followed by a much larger order.

This pattern was demonstrated only in the past week, when the CAAC ordered 25 McDonnell Douglas MD-80 twin-engined, short-to-medium range jet airliners (smaller than the Airbus A-310). This followed a period of some 18 months of flying two MD-80s, ordered in 1983.

The recent McDonnell Douglas deal involves delivery of one U.S.-built MD-80 to China followed by kits of parts for the other 25 built in Long Beach, California, for assembly at the Shanghai Aviation Industrial Corporation's factory.

It is thought that the CAAC will return to Airbus for a substantial number of additional aircraft once it has gained experience with those now on order and probably also seek final assembly of the aircraft in China, or even manufacture of parts.

The contract is the first concluded by Airbus Industrie – a consortium of British, West German, French and Spanish interests – in China, and the first wide-body, twin-engined aircraft operated by the CAAC.

At the contract signing ceremony in Peking, both the CAAC and Airbus "expressed their serious intention to continue their co-operation on the basis of this first contract, with the objective of developing a long-term fruitful business relationship."

THE LEX COLUMN

Turning a blind eye on sterling

An observer from the Moon – or merely from New York – might be forgiven for wondering why UK base rates have so far refused to fall further than the 12.75 per cent established by Barclays at the end of last week. Despite a sequence of huge money market shortages, money rates and the gilt-edged market continue to discount another round of clearing bank leap frog, while yesterday morning the exchange rate was pushing through levels which only last November would probably have been accompanied by base rates a touch below 10 per cent.

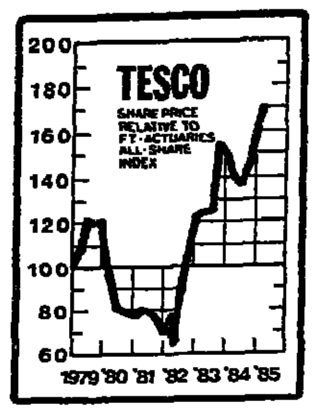
On one level, the objections to this plain man's argument for cheaper money rest only on timing. The shortages will make it difficult for the authorities to endorse lower rates without appearing to be pushing the market, which is not an appearance they can afford after the embarrassments of last summer. Yet real interest rates are higher than anything outside the U.S. – particularly on a forward-looking view of inflation – and the arguments for keeping them high rest largely on the vulnerability of sterling.

The accelerating recovery of sterling indeed comes close to being an argument for interest-rate relaxation. Much beyond current levels, and the pound would begin to look expensive in purchasing power terms; against the European currencies it is probably a fraction dear already. If sterling went above DM 4.00 the loss of competitiveness would be obvious, and the howls from the export lobbyists would soon enough follow. Yet there is still grounds for caution: a rise of around 10 per cent in the effective exchange rate in six weeks may not be the most solid basis for a looser interest-rate regime. And if the U.S. produces a strong GNP statistic in Thursday – anything much over 3 per cent growth – speculative money might well drain back into the dollar.

Tesco Stores

For a company which is about to offer Midland Bank floor space in its stores, Tesco has a peculiar mistrust of the banking system. The February balance sheet, when it appears, will show a tidy surplus of liquid assets over bank debt and even an aggressive capital spending programme would not really stretch the balance sheet until the end of the decade, by which time £56m of loan stock should safely have been converted into equity.

So yesterday's £145m rights issue



was hard to explain except by reference to the record level of Tesco's share price and a food retailer's traditional dislike of gearing. The group apparently has no plans to make an acquisition – or even to merge with a durable goods retailer – so the cash is clearly earmarked for physical expansion. In the current year Tesco may spend a touch over £200m on the capital account, all but about £50m of which might have been funded out of cash flow, and there are plans to spend even more in subsequent years. But it is hard to argue that Tesco would have been disadvantaged in site auctions through its recourse to bank finance. If anything, the high short-term cost of debt might be a welcome discipline in the auction procedure.

Yet the market seems happy enough to give Tesco the money. Yesterday's rights discount was unusually tight – at under 13½ per cent after a dividend adjustment – but the underwriting went smoothly and the shares fell only 9p to close at 250p. For its part, the market has good reason to treat Tesco with favour. The company has emerged from the dark days of the early 1980s as a much more efficient and alert retailer.

The evidence was in yesterday's estimate that pre-tax profits had risen by just over a fifth to £81m; with the rights issue proceeds under its belt, Tesco might make £110m or more this year. The fact remains that Midland Bank would have been just as happy to provide the necessary cash.

Taylor Woodrow

Taylor Woodrow has reported a good set of results for 1984, some way above the best City of London estimates but for rather unexpected reasons. The absence of any information on current trading is a traditional feature of Taylor Woodrow's prelims, and the City has some difficulty in knowing what is doing what.

Tight contracting margins in the UK, particularly for low-risk management contractors, were well predicted but the UK housing side seems to have made next to no contribution. Yet in the Middle East, the grave of so many UK contractors, Taylor Woodrow is holding up very well indeed from a decent base in Oman and what looks like profitable, defence-related business in Saudi Arabia.

The key is housing in the U.S., where Taylor Woodrow has begun to reap the benefit from investment in premium projects. Admittedly, the figures are swollen by a currency translation gain which may well vanish this year, and the good growth in the Monarch business is accompanied by minority charges. But overseas housing business should continue to make up for the drain in Nigeria and a dull performance from Seaforth Maritime.

There is no real danger that Taylor Woodrow will sink back to the profits plateau of 1976-81, but 1985 will probably see no more than £45m before tax. This will still leave the company at a small premium to its industry colleagues, which is justified by healthy cash-flow, a wide spread of business and a large discount to net worth if not by its loquacity. The shares ended unchanged at 375p.

Savoy Hotels

The Savoy Hotel would no more think of abandoning its recondite voting structure than of serving a coachload of Millwall supporters at the Connaught Grill. But, if put to it, the company could at least now mount a respectable bid defence on the back of its trading record. The 83 per cent rise in pre-tax profits – to £8.2m – which The Savoy has reported for 1984 is in some measure a reflection of the strong dollar. But the company has also worked hard to put its houses in order – last year it spent over £10m on maintenance and additions – and the benefits are showing through in higher occupancy by UK visitors and much improved turnover in the restaurants. A further profits improvement this year would be averted only by a very steep rise in the pound, to perhaps $1.70. So the 'A' shares, on a multiple of 17.5 times reported earnings at last night's price of 365p, are at last in touch with reality. But the decisive 'B' shares, trading on a p/e of just under 900, still look – well – expensive.

Hungary gives voters choice of candidates

Continued from Page 1

munist front organisation, The People's Patriotic Front, which in turn will run the candidate selection meetings that started this Monday and will conclude by May 15.

The new election law, passed in 1983 but put into practice only this year, is an attempt to "legislate" a revival of public interest in the country's political process. Since 1971 more than one candidate has been allowed to stand for office, but few contests have taken place.

Mr Imre Pozsgay, General Secretary of the Patriotic Front, admitted yesterday that it was hard to generate candidate interest in elections that were a choice of personality, not policy.

The Hungarian public seems by and large unmoved by the experiment, partly because the parliament plays such an auxiliary, rubber-stamp role. It meets only four times a year for a few days at a time.

Rhône-Poulenc plans to raise share capital as profits jump

BY DAVID MARSH IN PARIS

RHÔNE-POULENC, the French state-owned chemicals group, yesterday announced sharply higher net profits for last year of FFr 1.99bn ($216m) and its intention to raise its capital through a non-voting share issue on the bourse this autumn.

The issue of investment certificates – *certificats d'investissement* – is the first by a state-owned industrial group under flexible financing methods for the nationalised sector brought in by the Government in 1983.

Announcing the results for last year, which make Rhône-Poulenc by far the most profitable of the companies taken under state control in 1982, M Loik Le Floch-Prigent, the chairman, warned that the company faced difficulties in maintaining earnings this year in view of the weakening U.S. economy and the fall in the dollar.

Last year's profits followed net earnings of FFr 98m in 1983, which came after three years of losses.

M Le Floch said the effect of generally weaker world chemicals demand was already shown in the first quarter, when group sales rose only 9.5 per cent to FFr 14.6bn. Last year, international sales helped boost consolidated turnover by 18.8 per cent to FFr 51.2bn, with the volume increase in turnover put at 7.2 per cent.

M Le Floch said last year's progress was due to a mix of structural and cyclical causes and that the group had to show it could do as well under less favourable conditions. Its basic chemicals business showed particular gains last year, while profitability also improved in textiles and its Brazilian business recovered strongly after previous difficulties caused by the local economy.

Operating profits last year jumped to FFr 5.41bn from FFr 2.92bn. Direct exports and sales by foreign subsidiaries made up 69 per cent of total turnover against 67 per cent in 1983.

Underlining the improvement in the company's financial structure – partly the result of government capital injections as well as pruning lossmaking activities in textiles and elsewhere – long-term debt fell slightly last year. Overall debt stabilised at FFr 17.7bn at end 1984 against FFr 17.5bn in both 1982 and 1983.

Details of the issue of investment certificates – which will directly add to Rhône-Poulenc's equity capital – will be decided later in the year, M Le Floch said. The issue follows a previous flotation of CIs by the nationalised bank Société Générale last year. It differs from previous launches of *titres participatifs* (TPs) by Rhône-Poulenc and other state industrial groups in that CIs, although they do not weaken 100 per cent state control of voting shares, are closer to equity financing than TPs.

Citicorp and Security Pacific post improved profits

BY PAUL TAYLOR IN NEW YORK

CITICORP, the world's largest banking group, yesterday reported a 24 per cent gain in first-quarter net earnings, while Security Pacific, the fast-growing U.S. West Coast banking group and the seventh largest in the country, posted an 8.2 per cent increase despite sharply higher loan losses.

Citicorp earnings increased to $277m or $2.02 a share on a fully diluted basis from $223m or $1.64 a share in the same period a year ago.

The banking group attributed the earnings gain to strong performances in the corporation's three core businesses – individual, institutional and investment banking. Citicorp added that continued growth within the domestic consumer and corporate sectors, particularly in fee-based activities, and higher foreign exchange and money market trading revenues were important factors in the rise.

Citicorp said its institutional banking business earned $244m, $33m up on a year earlier and $58m ahead of the 1984 fourth quarter. The individual banking business posted earnings of $60m, up $22m from a year ago but down $9m from the fourth quarter. The investment bank earned $40m, up $3m from a year earlier but $25m below the fourth quarter.

In the institutional banking business Citicorp said it provided $79m in the first quarter to cover net credit write-offs with $9m added to reserves, a dramatic increase over the low $9m in net write-offs and $5m added to reserves in the year ago period. The institutional bank's reserve for possible credit losses stood at $604m or 1.05 per cent of quarter-end commercial loans at the end of the first quarter, up $58m over the year ago figure when the reserve ratio stood at 0.91 per cent.

Non-performing loans in the institutional bank fell to $2.2bn or 2.2 per cent of the worldwide loan portfolio at the end of the period, compared to $2.3bn or 2.5 per cent a year earlier and $2.4bn or 2.4 per cent at the end of December.

In the consumer or individual banking business Citicorp noted that the recent strong revenue momentum and market expansion continued, producing a 34 per cent gain in revenues, fuelled in particular by rapidly expanding credit card operations. The consumer bank loan loss provision increased to $348m from $249m a year earlier. Net write-offs in the consumer portfolio grew to $105m from $81m a year earlier reflecting the rapid growth in the portfolio, while the reserve for possible loan losses was increased by $6m in the latest period compared to $5m a year earlier.

The investment banking business posted a 25 per cent gain in revenues to $198m fuelled by higher interest revenues, trading profits and fees and commissions. About half the investment bank's net income in the first quarter was derived from North America.

Overall Citicorp posted revenue growth of 27 per cent in the latest quarter to $1.9bn fuelled by higher interest-based revenues together with significant gains in fees, commissions and other revenues within each of the core businesses.

Security Pacific's first-quarter net earnings grew to $73.5m or $1 a share compared to $67.9m or 92 cents a share in the year-ago period despite also reporting a substantial increase in loan loss provisions.

Mr Richard Flamson, chairman and chief executive, said: "Our specialised financial services group continued to show strong earnings growth, with steady progress throughout other major elements of our business. Our first-quarter results continue to reflect some pressures on certain segments of domestic industries resulting from uneven levels of economic recovery."

Mr John Kooken, executive vice-president and chief financial officer, said first-quarter earnings at the banking group, whose per share earnings reflected the impact of a two-for-one share split, gave evidence of strong growth in both net interest income, which grew by 16 per cent to $392.3m, and non-interest income, which grew by 22 per cent to $226.7m.

He noted, however, that a significantly higher provision for credit losses, which grew by $32.4m to $88.8m partially offset these favourable trends. Net credit losses in the latest quarter totalled $78.6m compared to $39.3m in the year-ago period. At the end of the quarter the banking group's reserve for possible loan losses stood at $520.2m or 1.57 per cent of total loans, compared to $347.2m or 1.22 per cent a year ago and $519.8m or 1.57 per cent at the end of December.

Non-performing loans grew to $1.189bn at the end of March, up from $1.123bn at the end of December and $881m a year ago. The bank said the increase since year-end was in domestic business loans, primarily energy credits.

● Texas Commerce Bancshares, the Houston-based banking group which is the third largest in Texas and the 21st largest in the U.S., reported a sharp 36 per cent decline in first-quarter net earnings to $29.2m or 90 cents a share from $45.8m or $1.41 a share. The bank, which had previously warned of an earnings decline and which substantially increased its loan loss provision in the latest quarter, blamed the decline on moderating loan growth and the higher provision, which totalled $48.5m compared with $12.3m a year ago.

Fears more dominoes may fall, Page 18; U.S. securities firm closes, improved results from Continental Illinois, Page 21

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	20	68	Dubrovnik	C	13	55	Malaga	S	18	64	Salzburg	F	8	46
Akrotiri	S	24	75	Faro	S	26	79	Malta	C	16	61	Seoul	F	19	66
Algiers	C	16	61	Florence	C	16	61	Manila	-	—	—	Singapore	-	—	—
Amsterdam	F	12	54	Frankfurt	R	9	48	Miami	-	—	—	Stockholm	C	7	46
Athens	F	21	70	Funchal	-	—	—	Milan	S	18	64	Strasbourg	R	11	52
Bahrain	S	26	79	Geneva	C	11	52	Moscow	C	6	43	Sydney	F	23	73
Bangkok	-	—	—	Gibraltar	-	—	—	Munich	C	9	48	Taipei	-	—	—
Barcelona	S	18	64	Guernsey	R	13	55	Nairobi	R	22	72	Tangier	S	23	73
Beirut	S	27	81	Helsinki	R	3	37	Naples	C	15	59	Tehran	-	—	—
Belgrade	R	8	46	H. Kong	C	22	72	New Delhi	S	33	91	Tel Aviv	S	26	79
Berlin	C	8	46	Innsbruck	C	8	46	New York	-	—	—	Tenerife	S	22	72
Biarritz	C	14	57	Inverness	F	14	57	Nice	S	17	63	Tokyo	F	14	57
Blackpool	S	12	54	Istanbul	C	21	70	Oporto	S	24	75	Toronto	-	—	—
Bordeaux	F	16	61	Jersey	C	10	50	Oslo	S	10	50	Tunis	T	12	54
Brussels	C	13	55	Jo'burg	-	—	—	Paris	S	16	61	Valencia	S	21	70
Budapest	F	11	52	Las Palmas	S	21	70	Prague	R	7	45	Venice	S	14	57
B. Aires	-	—	—	Lima	-	—	—	Reykjavik	R	5	41	Vienna	C	10	50
Cairo	S	31	88	Lisbon	S	20	68	Rio de J'o	-	—	—	Warsaw	C	11	52
Cape Town	S	20	68	Locarno	C	18	64	Rome	F	19	66	Zurich	C	9	48
Caracas	-	—	—	London	S	18	64								
Casablanca	S	22	72	Los Angeles	-	—	—								
Copenhagen	F	9	48	Luxembourg	C	10	50								
Corfu	F	21	70	Madrid	S	19	66								
Dublin	F	14	57	Majorca	F	19	66								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder H–Hail

Flat U.S. production

Continued from Page 1

whether it tends to confirm the often unreliable retail sales statistics or whether it suggests that the consumer is still spending and his income growing rapidly enough to sustain continued outlays.

Philip Stephens in London writes: On the foreign exchange markets the dollar stabilised after its heavy losses of the past few days, despite what were regarded as generally disappointing figures for U.S. industrial output last month.

Sterling was little changed against most currencies and the Bank of England again indicated its caution over any fall in interest rates. But there were still hopes of a small cut in base lending rates in response to sterling's recent gains.

The dollar, which in early trading had dipped under DM 3.00, closed at DM 3.03, up 0.5 pfg from Monday. The pound was unchanged at $1.2750, but the sterling index slipped 0.2 points to 79.1.

Dealers said the impact of the industrial production figures, which were at the lower end of expectations, was offset by news of the strong rise in U.S. housing starts last month. The dollar also benefited from profit-taking in other currencies.

Greater IMF role on exchange rates

Continued from Page 1

The consensus is to give more serious and detailed thought to ways of securing "convergence" between different economic policies in the hope of reducing the pressure behind exchange-rate fluctuations.

Formal proposals are unlikely to emerge in Washington this week. Discussions will prepare the way for possible agreement of the Group of Ten nations in Tokyo in early June. That might be followed by a full-scale international monetary conference hinted at by Mr Baker. That might be an extended session of the IMF's Interim Committee.

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FINANCIAL TIMES
Wednesday April 17 1985

E. F. Hutton boosts profits by 84%

By Our Financial Staff

E. F. HUTTON, Wall Street's second largest securities house, has reported an 84 per cent increase in net income from $13.1m to $24.1m for the first quarter – a rise from 52 cents to 90 cents a share. Revenues climbed 31.8 per cent to $787m from $597m.

Mr Robert Fomon, chairman, said that all major segments of the group's business had performed well, although volatile conditions in the bond market had led to a 16 per cent decline in revenues from principal trading.

Giving details of the $180m increase in revenues during the first quarter, the company said that almost half, $85.7m, was derived from insurance activities.

Net earnings were also up at First Boston, another big securities dealer, from $20.2m, or $1.58 a share, in the 1984 period to $26.2m or $1.85. Revenues jumped from $140m to $192.6m.

Securities firm closes after Bevill collapse

BY PAUL TAYLOR IN NEW YORK

COLLINS SECURITIES, a small government bond dealer in Little Rock, Arkansas, has closed its doors in the wake of the Chapter 11 bankruptcy filing by Bevill, Bresler and Schulman Asset Management (BBS).

According to state regulators, Collins's problems stem from its dealings with Brokers' Capital of Chicago, a securities dealer that halted operations last week because of losses on transactions it undertook with BBS.

Collins, with less than $1m in capital, is understood to be facing potential losses of about $2m. Brokers' Capital and its futures brokerage affiliate, First Lasalle Services, closed on Friday because of losses faced on repurchase agreements with BBS.

In Chicago, the National Futures Association, the industry's self-regulator body, has barred First Lasalle from doing business.

The latest failures continue a run of closures in the government securities market which began last month with the collapse of ESM Government Securities, a small Florida-based firm.

In other developments:

● The U.S. Securities and Exchange Commission (SEC) asked for public comments on how to control abuses by small unregulated government securities dealers. The move came in the wake of legislation proposed by a group of congressmen which would establish a 17-member rule-making board to oversee the operations of the government securities market.

● Banks stepped in, under a Federal Home Loan Bank Board inspired rescue scheme, to assume the deposits of State Savings and Loan Association of Salt Lake City, Utah and Hawaii, which failed on Friday.

● A FHLBB staff report has recommended restrictions on savings bank investments in "junk bonds" – increasingly popular below investment grade corporate debt securities.

The State Savings and Loan Association failure followed months of uncertainty about the future of the thrift, which had assets of around $700m and a negative net worth of about $70m when it failed

State Savings had been seeking a buyer for almost a year after the FHLBB ordered San Francisco financier Mr J. William Oldenburg to sell the unit. The FHLBB order came after Utah bank regulators objected to a $55m purchase by State Savings of a large piece of land in Richmond, California, owned by Mr Oldenburg, who had acquired it in 1977 for less than $1m.

First Nationwide Savings of San Francisco on Monday took over the failed association's $323.1m in deposits in Hawaii and will operate State Savings's 20 Hawaii branches. Sandia Federal Savings and Loan Association of Albuquerque, New Mexico, will acquire State Savings $92.6m of deposits in Utah and operate its 10 branches in that state.

RCA sets fast pace in first quarter

By Our Financial Staff

RCA, the U.S. consumer electronics and broadcasting group, lifted first-quarter net profits from $50.3m, or 40 cents a share, to $65m or 58 cents. Sales improved slightly, from $2.36bn to $2.4bn.

The 1984 period included a $42.4m loss from continuing operations, gains of $17m in profit from discontinued operations and $75.7m from the cumulative effect of an accounting change.

The latest figures show the group continuing the strong recovery mounted last year, which ended with earnings 50 per cent ahead at a record $341m.

Mr Robert Frederick, president and chief executive, said: "We are pleased with our first-quarter performance especially in view of the fact that a number of our businesses suffered from severe price competition in their markets. We continue to believe that 1985 will be a good year."

First-quarter profits at NBC, the company's television network and TV stations division, were the highest in its history and nearly triple those for the comparable period of 1984.

Sales of audio records were down slightly and profits up substantially, largely because of the continuing strong performance of RCA's joint ventures with Columbia Pictures.

Sales were also down slightly in electronics, but profits were about the same as last year, excluding a special provision for the discontinued videodisc business. Pricing pressures caused a fall in sales and earnings in consumer electronics, while profits in the solid-state division fell significantly.

Elsewhere, the Hertz car rental business lifted revenues but suffered a substantial fall in profits because of tough competition in the U.S. market and lower profits from sales of used cars.

Earnings advance for three leading U.S. drugs groups

BY OUR FINANCIAL STAFF

THREE big U.S. drugs companies, Merck, Eli Lilly and Pfizer, have produced higher first-quarter earnings. Lower profits are reported at Upjohn.

Merck lifted net earnings from $125.1m, or $1.69 a share, to $131.5m, or $1.83 a share, with sales edging ahead from $848.6m to $856.3m. Mr John Horan, chairman and chief executive, said results were "adversely impacted" by the continued strength of the dollar. A lower tax rate benefited year-to-year profit comparisons, however.

Eli Lilly lifted net earnings from $146.7m, or $2 a share, to $160.9m, or $2.27, on sales up from $894.8m to $909m. For the whole of 1984 profits were more than $490m.

The company also announced that shareholders had approved measures designed to discourage unfriendly attempts to gain control of the company. The measures provide for a classified board of directors and an 80 per cent holder approval of significant deals.

Pfizer increased net profits by $19.6m to $147.3m, or from 77 cents to 89 cents a share, on revenues of $945.7m against $919.8m previously. Profits for the whole of last year were up at $507.9m.

Kalamazoo-based Upjohn, in contrast, suffered a fall in first-quarter net earnings to $51.6m or $1.68 a share, from $65m or $2.13 a share, while sales slipped from $563m to $545m. The profits fall was attributed partly to "continuing growth in research and development spending."

Health care product sales dropped from last year's levels because of a substantial decline in sales of Motrin, an anti-arthritic drug.

● Illinois-based Baxter Travenol, a leading manufacturer of intravenous feeding solutions and kidney dialysis equipment, lifted net profits for the first three months to $39.7m, or 28 cents a share, from $35.4m, or 25 cents, a year earlier. Sales jumped from $400.6m to $486m.

The company attributed the improvement to the growing contribution of its alternate site and hospital information businesses, recent market share gains and productivity improvements.

Litigation starts on Goldsmith tender bid

By Our Financial Staff

THE ACRIMONY over British financier Sir James Goldsmith's tender offer for Crown Zellerbach, the West Coast forest products company, has spilled over into the U.S. courts with both sides taking legal action.

Sir James last week began his $42.50 a share tender offer for between 14m and 19m Crown shares, for which it would need to spend up to $845m. Crown has rejected the bid but said it would consider offers of $60 or more a share, which would value the company at $1.6bn.

Now Sir James's CZC Acquisition Corporation has asked a federal court in New York to declare null and void the "poison pill" anti-takeover measures adopted by directors last July. Withdrawal of the measures is a condition of Sir James's tender offer.

The suit charges that the anti-takeover measures, which could make an acquisition prohibitively expensive for a hostile predator, are against the best interests of shareholders

Separately, an affiliate of CZC Acquisition has filed a suit in a state court in Reno, Nevada, to obtain a list of Crown Zellerbach shareholders. That would enable the affiliate to solicit proxies in favour of the redemption of the poison pill and the election of directors at the May 9 annual meeting.

Meanwhile, Crown has filed suit in a federal court in Reno alleging that Sir James has violated U.S. securities laws. Crown said it was challenging "the failure to make required disclosures concerning the financial condition of the bidders for Crown stock, including Goldsmith and the numerous offshore companies that control Goldsmith's tender offer subsidiary, and concerning defendants' plans for Crown after they gain control."

Better results for Saudi bank

By Peter Montagnon in London

PRE-TAX profits at Saudi International Bank, which is 50 per cent owned by the Saudi Arabian Monetary Agency, rose 15 per cent to £23.3m ($29.6m) in 1984, the bank reported yesterday.

The result was after deductions of £5.9m in provisions against loan losses bringing total provisions to £19.5m, or 1.58 per cent of the loan portfolio, compared with 1.35 per cent in 1983.

Net profits rose by only 2 per cent to £11.61m because of higher tax charges on leasing business and because of a reduction in tax allowances for provisions.

Continental Illinois improves

BY OUR NEW YORK STAFF

CONTINENTAL ILLINOIS, the Chicago banking group rescued by a $4.5bn government bail-out last year, managed to post a further modest improvement in earnings in the first quarter amid new indications that confidence in the 12th largest U.S. banking group may be returning, as reported in brief yesterday.

It also revealed a further sharp decline in its dependence on special funding from the Federal Reserve Board and a group of commercial banks.

Continental Illinois reported first-quarter net earnings of $39.3m or 14 cents a share. Year-on-year comparisons are not meaningful because of the financial restructuring undertaken last year. But the first quarter results do represent a further slight improvement over the $36.6m, or 12 cents a share, reported in the final quarter of 1984 and the modest $4m third-quarter profit. First-quarter net earnings include a $15m tax credit carried forward from the bank's 1984 loss.

After heavy losses in energy lending and a run on its deposits last summer, Continental Illinois was rescued under a plan which led the Federal Deposit Insurance Corporation (FDIC) to inject new capital and take over $3bn in problem loans.

The banking group's recent results have been eagerly awaited by investors keen to see whether Continental can continue its struggle to return to profitability and reduce its funding dependence on the $10bn plus safety net put in place by the U.S. Federal Reserve and a group of 28 commercial banks

Continental Illinois said that its daily average borrowings from the Fed were $965m during the first quarter, down from an average of $3.8bn in the fourth quarter and $6.1bn in the third quarter. Its borrowings totalled $2.1bn, down from $2.9bn at December 31.

Nedbank loses ground

BY JIM JONES IN JOHANNESBURG

NEDBANK, South Africa's third largest banking group, suffered an 8.2 per cent interim profit decline as a result of losses on foreign exchange dealing and government securities investments.

After-tax, profit fell to R46.2m ($24.3m) in the six months ended March 31 from R50.4m in the previous corresponding period. This compares with an after-tax profit of R121.6m for the financial year to September 30 1984.

The directors say that the difficult banking climate adversely affected earnings in South Africa. Interest rates were at high levels during the six months, and this affected Nedbank unfavourably as it relied relatively heavily on wholesale money markets for its deposits and as it has a comparatively small current-account deposit base.

A loss of 9 per cent was suffered on the gilt portfolio which was reduced to R440m from R661m in the half year. Volatile currency markets led to foreign exchange trading losses for the group's commercial and merchant banking subsidiaries.

Strong results by defence companies

TWO large U.S. defence contractors, Rockwell International and Northrop, yesterday reported sharply higher quarterly profits.

Rockwell, which manufactures military aircraft and electronics, space systems, vehicle parts and other products, reported second-quarter net profits up from $132.7m, or 86 cents a share, to $154.6m

Northrop, which manufactures military aircraft, lifted first-quarter net earnings from 67 cents a share to 98 cents.

United Technologies edges ahead

BY TERRY DODSWORTH IN NEW YORK

UNITED TECHNOLOGIES, the seventh largest U.S. manufacturing group, turned in a 3 per cent increase in earnings in the first quarter of the year, while sales rose by less than 1 per cent from $3.89bn to $3.92bn.

Net income amounted to $137.6m, or $1.02 a share, against $133.5m, or $1 a share, last year, with several business units returning particularly strong results, said Mr Harry Gray, chairman and chief executive.

Mr Gray said that strong performances came from the Pratt & Whitney aircraft engine subsidiary and the automotive group. Their results reflected the group's belief that the commercial aviation industry was regaining strength. There was also increased demand for automotive-related products.

On the negative side, the results were affected by the strength of the dollar, which particularly hit Otis and Carrier because of their extensive international operations in elevators and air conditioners. In addition, the Mostex semiconductor division operated at a loss during the quarter because of the downturn in the industry.

Government sales amounted to $1.1bn in the quarter against $1.2bn a year ago.

North American quarterly results

ADVANCED MICRO DEVICES
Semiconductors

Fourth quarter	1984-85	1983-84
	$	$
Revenue	201.1m	192.2m
Net profits	25.7m*	30.6m
Net per share	0.44*	0.53
Year		

ALLIED BANCSHARES
Bank holding company

First quarter	1985	1984
	$	$
Revenue	—	—
Net profits	31.4m	27.9m
Net per share	0.76	0.68

AMERICAN HOSPITAL SUPPLY
Health care products

First quarter	1985	1984
	$	$
Revenue	821.2m	855.2m
Net profits	48.9m	59.2m
Net per share	0.69	0.79

AMERITECH
Telephone holding co.

First quarter	1985	1984
	$	$
Revenue	2.71bn	2.03bn
Net profits	274.3m	257.6m
Net per share	2.80	2.66

BANK OF NEW YORK
Bank holding company

First quarter	1985	1984
	$	$
Revenue	—	—
Net profits	32.8m	25.3m
Net per share	1.67	1.58

BURLINGTON NORTHERN
Railroads, natural resources

First quarter	1985	1984
	$	$
Revenue	2.38bn	2.31bn
Net profits	155.2m	160.6m
Net per share	1.85	1.90

CANADA TRUSTCO MORTGAGE
Trust company

First quarter	1985	1984
	$	$
Revenue	12.2bn	10.5bn
Net profits	19.5m	16.6m
Net per share	0.76	0.67

CELANESE
Chemicals

First quarter	1985	1984
	$	$
Revenue	749m	837m
Net profits	36m	44m
Net per share	2.60	2.74

CERTAINTEED
Building materials

First quarter	1985	1984
	$	$
Revenue	252.9m	278.7m
Net profits	8.2m	9.1m
Net per share	0.41	0.45

COLT INDUSTRIES
Auto, aerospace parts

First quarter	1985	1984
	$	$
Revenue	468.4m	469.4m
Net profits	32.0m	32.5m
Net per share	1.60	1.35

CPC INTERNATIONAL
Grocery products, milling

First quarter	1985	1984
	$	$
Revenue	1.02bn	1.06bn
Net profits	33.1m	34.9m
Net per share	0.68	0.72

FANNIE MAE
Mortgage lender

First quarter	1985	1984
	$	$
Revenue	—	—
Net profits	17.4m†	14.5m
Net per share	—	0.22

†Loss

GIANT FOOD
Supermarkets

Fourth quarter	1984-85	1983-84
	$	$
Revenue	691.8m	632.2m
Net profits	17.7m	14.73m
Net per share	1.19	1.01
Year		
Revenue	2.14bn	1.96bn
Net profits	45.22m	40.51m
Net per share	3.05	2.77

HAMMERMILL PAPER
Paper, paper products

First quarter	1985	1984
	$	$
Revenue	428m	423.7m
Net profits	7.9m	15.1m
Net per share	0.50	1.05

HILTON HOTELS
Luxury hotels

First quarter	1985	1984
	$	$
Revenue	168.2m	164m
Net profits	23.5m	19.1m
Net per share	0.94	0.71

INTERCO
Clothing, footwear

Fourth quarter	1984-85	1983-84
	$	$
Revenue	580.9m	623.9m
Net profits	19.9m	35.7m
Net per share	1.25	2.16

LIBBEY-OWENS-FORD
Glass products, plastics

First quarter	1985	1984
	$	$
Revenue	449.6m	448.3m
Net profits	19.2m	18.4m
Net per share	1.59	1.53

MARRIOTT
Hotels, food service

First quarter	1985	1984
	$	$
Revenue	874.2m	743.9m
Op. net profits	27.7m	23.1m
Op. net per share	1.04	0.83

MEAD
Forest products

First quarter	1985	1984
	$	$
Revenue	670.4m	657.3m
Net profits	23.6m	21.6m
Net per share	0.76	0.71

NORTH AMERICAN PHILIPS
Electrical, electronic products

First quarter	1985	1984
	$	$
Revenue	1.01bn	975.7m
Net profits	27.7m	23m
Net per share	0.96	0.80

OWENS-CORNING FIBERGLAS
Glass fibre products

First quarter	1985	1984
	$	$
Revenue	678.0m	694.8m
Net profits	28.0m	21.7m
Net per share	0.95	0.70

OWENS-ILLINOIS
Glass containers

First quarter	1985	1984
	$	$
Revenue	858.4m	842.6m
Net profits	21.2m	18.3m
Net per share	0.71	0.67

PHILLIPS VAN HEULEN
Clothing manufacturer

Fourth quarter	1984-85	1983-84
	$	$
Revenue	164.7m	129.4m
Net profits	1.9m	3.1m
Net per share	0.31	0.51
Year		
Revenue	590.8m	505.9m
Net profits	15.3m	17.3m
Net per share	2.44	2.94

RAYTHEON
Defence electronics, energy services

First quarter	1985	1984
	$	$
Revenue	1.53bn	1.49bn
Net profits	87.8m	79.1m
Net per share	1.04	0.94

RITE AID
Drug stores

Fourth quarter	1984-85	1983-84
	$	$
Revenue	408.3m	365.7m
Op. net profits	28.27m	24.91m
Op. net per share	0.63	0.59

ROWAN COS.
Contract drilling

First quarter	1985	1984
	$	$
Revenue	65.8m	36.2m
Net profits	1.1m	5m†
Net per share	0.02	0.09†

†Loss

TELEDYNE
Industrial holding co.

First quarter	1985	1984
	$	$
Revenue	818.1m	877.1m
Net profits	123.5m	35.4m
Net per share	10.54	1.74

TEXAS OIL & GAS
Natural gas, oil exploration

Second quarter	1984-85	1983-84
	$	$
Revenue	482.4m	572.7m
Net profits	30.8m	37.9m
Net per share	0.38	0.42
Year		
Revenue	953.2m	1.16bn
Net profits	163.9m	167.4m
Net per share	0.78	0.81

20TH CENTURY FOX FILM
Film production

Second quarter	1984-85	1983-84
	$	$
Revenue	159.4m	251.7m
Net profits	3.9m†	11.3m
Net per share	—	—

UNITED TELECOMMUNICATIONS
Non-Bell phone system

First quarter	1985	1984
	$	$
Revenue	768.9m	694.9m
Net profits	58.9m	56.1m
Net per share	0.64	0.61

WACHOVIA
Bank holding company

First quarter	1985	1984
	$	$
Revenue	—	—
Net profits	29.1m	24.3m
Net per share	0.89	0.75

WHIRLPOOL
Household appliances

First quarter	1985	1984
	$	$
Revenue	790.2m	764.5m
Net profits	38.9m	52.9m
Net per share	1.06	1.45

David Dodwell previews this week's auction in Hong Kong

HK property sector looks brighter

HONGKONG LAND, the British territory's biggest property company, announced in January that it will go ahead with the HK$750m (US$96m) development of the third tower of Exchange Square, its prime central office development. Since then, it has blown the dust off plans to plunge into a new commercial development—Harcourt House in Wanchai—at an undisclosed cost.

For a company that was swept perilously close to the precipice in Hong Kong's property crash in 1982—and which still has debts of around HK$12bn to prove it—such moves would have been tantamount to suicide less than a year ago. Even today, they are a gamble. But the mood in Hong Kong's property market has changed to the extent that observers are prepared to reserve judgment.

There have been similar gestures of renewed confidence—like the decision by Hutchison Whampoa, the property, trading and shipping group, to plough HK$4bn into a new housing development in Hung Hom in Kowloon, and a series of land auctions at which bidders have been willing to climb to price levels that would have seemed dizzy this time last year.

This is not to say that prices have recovered to—or are likely to recover to—the astronomical levels of the period of speculative euphoria in 1981. Too many people were hurt by the experience to want to repeat it. Yet the free fall into which the market plummeted in 1982 has come to an end and prices have steadied at lower levels—in some cases just half 1982 levels.

The latest major property auction, which will include the lease of a large part of the prime Victoria Barracks site in Hong Kong's central business district, is due to be held this week, and is being talked of by analysts as an important signpost for property price trends in the year ahead.

"In many ways, 1984 was a watershed," wrote a prominent Hong Kong property analyst in a report just published: "Improving economic and political fundamentals made vitally important contributions towards triggering a demand-led recovery."

He does not foresee "runaway rent and price increases," but sees a market that is "incomparably more stable and better balanced than a year ago."

Two factors have restored stability: an export-based rally in Hong Kong's manufacturing industry, the strength of which has surprised most local economists, and the Sino-British joint declaration on Hong Kong's future once the British flag comes down in 1997.

Political uncertainty has been a cause of extreme volatility in the economy over the past two years, and while the Sino-British agreement does not answer all questions, it has brought a degree of certainty that few would have dared hope for. It is more detailed than most expected, and has been generally wel-received. For the property sector, Peking has provided unexpected assurances—particularly on crown leases that in some cases stretch to 999 years.

Sun Hung Kai Properties has reached an agreement with the Mass Transit Railway Corporation on a property development project estimated to cost some HK$400m, an MTRC official said, Reuter reports from Hong Kong. The residential project is located above an MTR station on eastern Hong Kong island. Construction will begin in July and completion is scheduled for 1987. There will be 1,500 homes

The surge in demand for Hong Kong manufacturers, which lifted exports in 1984 by 32 per cent in value terms, and accelerating investment in the territory by foreign manufacturers, bolstered the property sector in two ways. It gave a fillip to the local stock markets, which inevitably had a spin-off effect on property stocks. Property companies still account for two thirds of the total market capitalisation of the stock market, at the same time accounting for 35 per cent of the stocks that make up the Hang Seng Index, Hong Kong's primary market indicator.

It also resulted in a recovery in demand for prime industrial and office space in the territory, and generated a surge in demand for which quality residential accommodation needed to house the expatriate staff brought in to head new or expanding foreign ventures.

The impact of these various influences has been felt more strongly in some parts of the property sector than in others. Prime industrial space is now in very short supply, with prices both for sale and rent rising steadily. Similarly, high quality residential accommodation—always a thin market—shows signs of becoming more expensive.

While few property groups emerged unscathed from the 1982 crash, most of those surviving until today have by now made all of the provisions they will need to make, and are beginning to talk with increasing confidence of a return to profitability.

It is for this reason that property shares have outperformed almost all others on the local stock markets over the past six months.

"It is remarkable how quickly people's moods have turned," said a partner in one of Hong Kong's leading property valuers: "I only hope they don't forget too quickly the traumas—and the lessons—of the past two years."

BHP and Shell lift Woodside stake to 48%

BY OUR FINANCIAL STAFF

SHELL AUSTRALIA and Broken Hill Proprietary yesterday added through further on-market share buying to their holdings in Woodside Petroleum, their much smaller partner in the A$11bn North-West Shelf natural gas project. At close of trading in Australia, the two companies had raised their stake in Woodside to just over 48 per cent.

Mr Kevan Gosper, chairman of Shell Australia, said his company and BHP were happy with the progress of the bid and confident of the outcome. He added that the response to the bid of the eight Japanese utility customers which are expected to sign contracts this summer for the purchase of liquefied natural gas from the project had also been "positive."

Shell and BHP have claimed that Woodside's apparent difficulties in raising its own share of the vast sums required had put the conclusion of the contracts in doubt.

Mr Gosper said Shell and BHP had concluded that Woodside would need to strengthen its equity base by some A$200m before it would be in a position to raise additional funds. A A$200m rights issue forms part of the two companies' A$1.60 a share bid, which valued the outstanding 57.4 per cent of Woodside at A$458m.

Shell and BHP resumed on-market share buying yesterday after formal publication of the terms of their bid. Independent Woodside directors described the document as "deficient," and repeated their view that the A$1.60 a share bid significantly understates Woodside's value.

A report just completed by Meares and Philips, the Sydney stockbrokers, argues however that "A$1.60 a share represents a very fair price." Dr Ian Story, the firm's energy resources specialist, believes it represents a premium of about one-third over the present net value, which he calculates to be A$1.20 a share.

Based on the most optimistic assumptions about the timing of the North-West Shelf's LNG phase, coupled with a 2 per cent annual rise in gas prices, he believes the shares could be valued as high as A$1.34. On the opposite argument of a two-year delay in LNG exports to 1992 together with a 2 per cent a year fall in gas prices, Woodside shares would be worth only A$0.98.

Mr David Adam, a senior BHP director, told analysts in London that Shell and BHP might be content with less than 100 per cent control of Woodside. If successful in gaining a majority, as appears probable, they plan to add two more directors to the 12-member board, to give them a joint majority of eight out of 14, but intend to leave Woodside management in place. Mr Adam said it was intended to leave Woodside in being as a separately-quoted company.

INTERNATIONAL COMPANIES and FINANCE

Oerlikon-Buehrle back in the black

By John Wicks in Zurich

OERLIKON-BUEHRLE, the Swiss engineering group, returned to profit last year after a 23 per cent increase in turnover to a record SwFr 4.93bn ($1.95bn).

The group has booked a profit of SwFr 15m, compared with a loss of SwFr 88.7m in 1983. Again there is no dividend.

The company says that results remain unsatisfactory. Provisions of SwFr 45m are to be set against the accounts of the parent company, whose net profit declined from SwFr 4m to SwFr 1.3m.

The marked rise in turnover resulted primarily from the military-products division. At the same time, all civilian sectors are said to have increased sales.

The company last paid a dividend, of 5 per cent, for 1982 when net profits fell to SwFr 10m from SwFr 24m.

● After losses for three successive years, George Fischer, the engineering group, returned to profit last year with net earnings of SwFr 5m. Between 1981 and 1983 losses had totalled SwFr 30m.

Turnover was up 12 per cent in 1984 to SwFr 1.75bn, or by 5 per cent before the inclusion of new subsidiaries. New-order value went up by some 24 per cent to SwFr 1.86bn.

The group earnings figure is still considered unsatisfactory. The company says it was again adversely affected by loss-making activities whose restructuring will take several years to carry through.

Ambrosiano in La Centrale merger plan

By James Buxton in Rome

NUOVO BANCO AMBROSIANO, the Italian bank which is the successor to the defunct Banco Ambrosiano, yesterday decided to obtain official permission to merge with La Centrale, its subsidiary.

The merger if approved by the Treasury and Bank of Italy, will lead to the creation of a homogenous group which will consist of two banks—Nuovo Banco Ambrosiano, and Banca Cattolica del Veneto—and their subsidiaries, incorporating the financial services and operations of the banks and of La Centrale.

Since La Centrale is quoted on the Milan Stock Exchange the new company will have a stock exchange quotation, and will acquire small private share holders. At present Nuovo Banco is unquoted and owned by 10 banks, one third public sector and two thirds private sector, Nuove Banco in turn holds 47 per cent of La Centrale and thereby controls Banca Cattolica del Veneto.

The full details of the operation will be studied and presented by July. It will be complicated, given the need to transfer unquoted shares in Nuovo Banco into quoted shares in its successor.

Mannesmann joins battle for control of Dornier

BY RUPERT CORNWELL

THE BATTLE for control of Dornier intensified yesterday when Mannesmann, the engineering and steel pipe concern, publicly declared its interest in acquiring a substantial — possibly a majority — stake in West Germany's second largest aerospace company.

Mannesmann's wish, which came as a complete surprise, was disclosed by Herr Franz Josef Weisweiler, the group's chief executive in Hanover, shortly before the opening of the major industrial fair there.

Herr Weisweiler emphasised that Mannesmann would only be interested in a share of at least 25 per cent in Dornier, but did not rule out one of over 50 per cent if enough of the currently feuding Dornier family shareholders agreed to the proposal.

He also made it clear that Mannesmann would not require a capital increase to raise the necessary funds. A majority holding in Dornier, which has annual sales of around DM 1.5bn ($496m), is variously estimated to cost up to DM 500m.

Preliminary contacts between Dornier and Mannesmann have been under way for a week. They threaten to complicate parallel efforts — sponsored by the state government of Baden-Württemberg, where Dornier's main operations are based — to secure a takeover of the aerospace enterprise by the Daimler-Benz motor group.

Five hours of talks in Stuttgart between Dornier shareholders and executives from Daimler-Benz on Monday failed apparently to reach any conclusion.

Herr Weisweiler insisted yesterday that he would have no objection to the state government taking a stake of its own in Dornier under any Mannesmann solution. Nor did he expect any problems with the West German cartel authorities in Berlin.

PWH strengthens U.S. base

BY JOHN DAVIES IN FRANKFURT

PHB WESERHUETTE (PWH), the West German materials handling equipment group, is building up its operations in the U.S. with a proposed takeover of some activities from Litton Systems.

PWH has reached an agreement in principle to buy Robins Engineers & Constructors, the materials handling unit within Litton Systems, for an undisclosed sum.

Robins, which has 100 employees, operates as an engineering and contracting concern, without manufacturing facilities of its own, and has business of about $30m a year.

PWH, whose world-wide sales revenue runs to more than DM 1.1bn ($363m) a year, has been steadily building up its international activities, which account for about 80 per cent of sales. It has made a series of acquisitions to gain a firmer foothold in several countries.

Robins' operations are to be brought together with PWH's existing activities based in New Jersey.

So far, the U.S. is a relatively blank space in PWH's world-wide bulk material handling operations, but the company sees it as an area of strong growth potential.

PWH recently received French Government approval to expand its activities in France through taking a 65 per cent stake in Som-Delattre Sarl.

In other moves last year the PWH group took an 80 per cent interest in BBT, a small Dutch materials handling company.

Bic returns boosted by strong dollar

BY OUR FINANCIAL STAFF

BIC, the French group which makes disposable pens and lighters, reports a strong rise in profits for 1984 following a good year in North America.

Net income rose 51 per cent following an 18 per cent gain in sales. Profit reached FFr 311m ($33.7m), compared with FFr 206m. Revenue rose to FFr 6.38bn from FFr 5.43bn.

Bic attributed the earnings gain largely to the results of its U.S. unit, Bic Corp, which saw profits rise to $11.4m from $6.8m. It added that the results of the U.S. unit were magnified by the strength of the dollar against the French franc.

The company plans to pay a dividend of FFr 7.70 a share, up from FFr 7.35 in 1983. The payout is in keeping with the Government's dividend limits.

Fermenta near to deal over Kabivitrum

By Our Nordic Correspondent

NEGOTIATIONS on a merger between Fermenta, the fast-growing Swedish fine chemicals company, and Kabivitrum, the state-owned pharmaceuticals group, should be completed next week, Procordia, the Swedish state holding company said yesterday.

The boards of both Fermenta and Procordia are to meet next Wednesday to consider the results of two months of talks on a takeover by Fermenta or a co-operation venture between the two companies.

If the deal goes through it will be one of the biggest privatisation moves by the Swedish state since the sale of Luxor, the consumer electronics and computer company to Nokia of Finland.

Fermenta's bid for Kabivitrum has run into initial opposition from both the trades unions and management at the drugs group. Procordia was forced to deny Swedish newspaper reports yesterday that it intended to make a reverse bid for Fermenta.

Krupp lifts sales as recovery continues

By Our Bonn Correspondent

The improvement in the German steel industry received added confirmation yesterday when Krupp, the country's second largest group, reported an 8 per cent rise in first quarter 1985 sales to DM 4.3bn ($1.4bn).

Herr Wilhelm Scheider, Krupp's chairman, said at the Hanover trade fair that almost all sectors had shown a sharp increase in orders over last year, in some cases running into double figures.

His remarks suggest that the upturn in Krupp's fortunes in 1984, after the DM 344m loss registered in 1983 will extend through this year as well. The group has still not released its final results for 1984. A return to the black is widely expected.

However, Herr Scheider warned that even though the mechanical engineering industry was likely to take on 30,000 new employees this year, the sector could not be expected in the longer term to create too many new jobs. Productivity advances would take care of most of the likely annual growth of 2 per cent to 3 per cent, he said.

The recovery at Krupp mirrors that at Thyssen, the biggest German steelmaker, which on Monday announced a return to dividend payments this year, after a two-year gap.

But it contrasts with the deepening plight of Arbed-Saarstahl, the Saarland steel concern kept alive only by massive subsidies from Bonn.

Herr Oskar Lafontaine, the new Social Democrat prime minister of Saarland said yesterday that the company, which employs 14,200 people, would need DM 202m of extra assistance in 1985.

Axel Johnson unit runs deep into loss

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

NORDSTJERNAN, part of the Axel Johnson group and Sweden's biggest privately owned conglomerate, plunged deep into loss last year with a deficit before tax and allocations of SKr 483m ($54.7m) compared with a profit of SKr 360m in 1983.

The group ran up losses in several of its main operations including shipping, construction, engineering and services and trading. Profits fell in other key areas such as special steel and insurance.

Mr Bernt Magnusson, who was brought in as the new managing director from Swedish Match two months ago as part of a continuing shake-up of top management, warned yesterday that the group faced far-reaching restructuring with a reduction in the number of product areas

The group's pre-tax results for 1984 are burdened by extraordinary losses of SKr 384m, including unrealised exchange losses of SKr 253m, as well as by a provision of more than SKr 200m for restructuring costs expected this year, chiefly in the Avesta special steels company.

The 1983 pre-tax profit was inflated by extraordinary gains or SKr 332m, mainly arising from the sale of a shareholding in J. S. Saba, the retail and wholesaling company.

After financial items (but before tax allocations and extraordinary items) Nordstjernan made a loss of SKr 99m compared with a profit of SKr 28m in 1983.

Group turnover last year jumped to SKr 17.2bn from SKr 12.2bn. Some SKr 3.9bn of the increase resulted from the restructuring of the Swedish special steel industry, which has left Nordstjernan as the majority owner of Avesta, Sweden's one remaining stainless steel maker.

Finnish forest products group out of the red

BY OLLI VIRTANEN IN HELSINKI

ENSO-GUTZEIT, Finland's biggest forest products group, has clawed its way back to profits after suffering heavy trading losses for a number of years.

Net profits for 1984 emerge at Fm52m ($8m). The group made a loss on trading in 1983 but following major asset disposals published a net profit of Fm40m.

It is increasing its dividend to 8 per cent from the 6 per cent paid for 1983. Sales last year totalled Fm3.6bn, an increase of 21 per cent.

Enso's recovery stems from a long term investment programme which started in the mid-1970s. A total of $900m has been spent and another $600m will be used, before the end of the decade, to improve production facilities.

Nevertheless Mr Pentti Salmi, the company chairman, regards the result for this year as unexpectedly good due to "exceptionally favourable market situation for all our products."

Enso's biggest problem today is Eurocan Pulp and Paper, the Canadian company, which showed a $13m loss for 1984 because of poor prices for timber and a 71-day strike.

Enso, which owned a majority in Eurocan, formed a joint venture last year with Canadian West Fraser Timber to run the troubled company.

Aegon to pay more on 16% profit rise

By Our Financial Staff

AEGON, the Dutch insurance group, reports an increase of 16 per cent in net profits for 1984 and plans to step up its dividend.

Net profits are Fl 264m ($77m) against Fl 228m in 1983. Total revenues, premiums and investment income, rose 19 per cent to Fl 10.1bn. The dividend is going up from Fl 5.40 a share to Fl 5.80.

Aegon is the Netherlands' second largest insurance group after Nationale-Nederlanden. It was formed in 1983 after the merger of Ennia with AGO.

The group had a good year in life insurance, its biggest business division. Life pre-tax profits rose by more than a third to Fl 424m with the U.S. and local markets providing the main impetus.

Pre-tax earnings in accident and health insurance showed a strong recovery, rising from Fl 15m to Fl 88m. Elsewhere, Aegon had problems, notably in other general insurance where losses totalled Fl 162m.

General insurance suffered a pre-tax loss of Fl 107m at the Miami agency which was hit by unsettled claims and closure costs. Underwriting in London also lost money, Aegon says.

The group takes an optimistic view of 1985, however. It expects further growth in revenues and profits overall, helped by the continued run-down of foreign agency business.

● Naarden International, the flavours and fragrances group, reports a rise of 33 per cent to Fl 20.1m in net profits for 1984 and is lifting its dividend. The cash dividend is Fl 1.80 a share, against Fl 1.50.

The group expects profits to improve further in 1985. The market for its products remains attractive, Naarden said.

Habibie seeks Indonesian industrial advance as critics complain

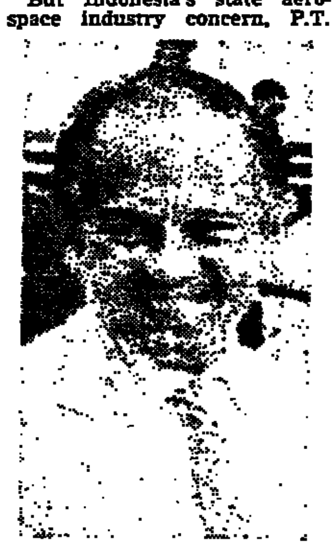
BY KIERAN COOKE IN JAKARTA

DR YUSIF HABIBIE is, to his admirers in Indonesia, a genius, the man who has almost single-handedly brought this country of 160m to the forefront of technological development in the Third World. But to others he is a dangerous waster of development funds, who uses his close relationship with President Suharto to gain approval for his costly projects.

The 48-year-old Dr Habibie has a dazzling array of posts. He is Minister of Research and Technology, runs the state aircraft and shipbuilding industries, state railway construction and a multitude of other enterprises and projects, stretching into electronics, telecommunications, and the manufacture of energy equipment and weapons systems.

He is also in charge of a multi-million dollar free trade zone development on Batam, an Indonesian island just off Singapore.

But Indonesia's state aerospace industry concern, P.T. Nurtanio, to which Mrs Margaret Thatcher made a special visit during her recent trip to Indonesia, is Dr Habibie's main passion. An aeronautical engineer, his 15-foot long desk is piled high with models of commercial and military aircraft. After more than 12 years' experience with West Germany's Messerschmitt-Boelkow - Blohm (MBB), Dr Habibie returned to Indonesia in the mid-seventies and soon afterwards, persuaded President Suharto to give him funds to start up Nurtanio.



Dr Yusif Habibie: after more than 12 years with West Germany's MBB, his main passion is now his own country's aerospace industry

The company now employs 12,000 people on a site of more than 150 acres in Bandung, up on the West Java hills, and has become a showcase of Indonesia's technological development. Under licence from Aerospatiale of France and MBB, Nurtanio produces a variety of helicopters. Company officials say that more than 70 per cent of production is now locally manufactured.

The company also has licensing arrangements with the U.S. Bell company, and technical agreements with Boeing and the Japanese, and is now setting up a maintenance centre which it is hoped will serve other countries in the region.

Over the past few years, Nurtanio's expansion programme has centred on its relationship with Spain's Construcciones Aeronauticas SA (CASA), and it has produced under licence the 15-seater multi-purpose turbo-prop CN212 aircraft. Nurtanio and CASA have also jointly designed and produced the larger CN235, which is due to be delivered to customers in early 1986.

The CN235, which Nurtanio says has been specially designed to meet the needs of developing countries, is seen within Indonesia as a symbol of the country's progress. Dr Habibie says that orders for the aircraft so far total 84, all with domestic users. Negotiations are also going on with a number of other customers, in Burma, Japan, Thailand and Bangladesh. Dr Habibie says negotiations are well advanced for the sale to Turkey of more than 50 CN235s. It is reported that the Islamic Development Bank has agreed to help with some of the financial arrangements on CN235 sales.

P.T. Nurtanio's CN235: a symbol of Indonesia's progress

But Dr Habibie and Nurtanio, however, have their problems and their critics. The CN235 is well behind production schedule and is believed to be suffering from more than just the usual teething problems, including what aeronautical engineers call "longitudinal instability.".

Some Ministers question the amount of funds invested in the Nurtanio operation, seemingly granted without the strict surveillance now applied to other state enterprises in Indonesia. Some say that one day the "Habibie bubble" could burst, especially if President Suharto stepped down or if Dr Habibie falls into disfavour.

Senior figures in Indonesia's powerful military forces are known to be less than happy with directives that they must buy from Nurtanio rather than from abroad. Domestic airline operators are also unhappy about being told to phase out such aircraft as the Fokker F27 in favour of the CN235.

Dr Habibie himself dismisses his critics: "I don't care about them," he says. "They say I'm just playing. They say I should buy planes but if we did that, then we would never have trained people—people you need to build a modern Indonesia." Nurtanio is now well established, says Dr Habibie, and in 1983-84, made a profit of $5.6m. However, this figure is questioned by many, and does not include depreciation on much of the investment made in the company.

It is not entirely clear where Nurtanio gets its funds, as the company finances are not detailed in the State Budget. Some observers say that Pertamina, the State oil company—of which Dr Habibie is a board member—channels funds to Nurtanio. But whatever the funding sources are, Dr Habibie is confident about Nurtanio's future, and by the end of the century, he wants to see the company producing a whole range of commercial and transport aircraft capable of carrying up to 120 passengers and using new prop-fan technology.

Dr Habibie insists he is not merely building helicopters and planes. "The average age of Nurtanio workers is only 23. I am building a nation," he says.

He has no doubt that Indonesia can be another Japan. "We have done more in the past 20 years than the Dutch colonialists did in 350 years." A new generation is coming, he says, that knows exactly what it wants. "I know at least what I want. The transformation of a country."

مكتبة الأهل

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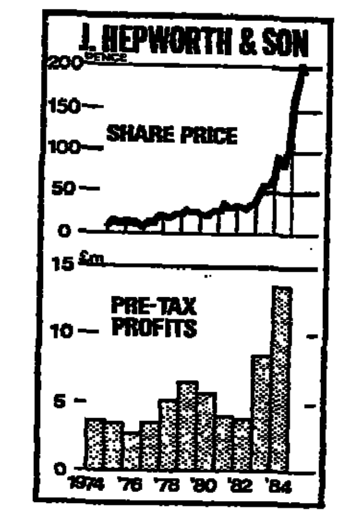
UK COMPANY NEWS

J. Hepworth up to £9.7m as Next sales surge ahead

J. Hepworth & Son, multiple clothing retailer, lifted pre-tax profits by 46 per cent from £6.61m to £9.66m in the six months to February 28, 1985, on turnover excluding VAT, 27 per cent higher at £71.55m, against £56.45m.

Interest this time took £155,000 (added £43,000). After tax £975,000 higher at £4.14m, net profits were £5.51m, against £3.45m, and stated earnings per 10p share moved ahead from an adjusted 2.56p to 4.08p.

The interim dividend is in effect 33 per cent higher at 1p (0.75p) reflecting the group's continuing progress — last year's total was equivalent to 2.583p on record £13.62m profits.



Next Ladieswear had another excellent season's trading during autumn/winter, with sales 46 per cert ahead of the previous year, of which continuous branches increased by 16 per cent and the balance being new openings. The group's spring/summer collection has been well received and sales are ahead of expectations.

Next for Men was successfully launched from 45 branches during autumn/winter and achieved exceptional sales in the pre-Christmas trading period. Menswear is now making an increasing contribution to profitability.

The half year has seen the start and development of the group's mini-department store strategy, comprising menswear, ladieswear, cafe and florist, creating a shopping environment conducive to its known customer profile.

The results to date have confirmed the potential for this strategy and the mini-department store concept will be further supported by the launch of Hepworth's home furnishings range in August.

Hepworth has continued to maximise its retail property portfolio by the continuing conver sion of Hepworth shops and this should be concluded within the next months.

Club 24 made a steady contribution to profit, although margins have been under pressure as a result of recent high interest rates. Estates is making a satisfactory contribution to profits albeit on a lower number of freehold properties.

A property development company in which the group has a 50 per cent holding, has recently been formed with the Rosehaugh group, enabling Hepworth's retailing to be at the forefront of the ever-changing scene on the High Street, while at the same time generating a profit potential.

● comment

The transformation of J. Hepworth from a dowdy men's tailor into the epitome of British High Street chic should be complete by the end of 1985. Effectively, the company is now using the all but unprofitable Hepworth chain as a property bank to be drawn down for Next, Next for men or both, or to be sold or closed down. At the rate the chain is being run down, from 204 stores last August to 134 at the end of February, there cannot be a very glamorous role in store for it especially as Next provided over half of sales and three-quarters of profit in the six months to February. Even Next for men turned in a maiden profit at scarcely much worse margins. It is most impressive that Next is still increasing sales by 16 per cent in established stores, and showing per square foot sales of £360 or more in a period of rapid expansion. Naturally, with capital expenditure of £18m set for the year, borrowing should rise to about £10m by August, but there is no reason why Hepworth should not get near £20m for the year as a whole. The share price closed at 192p, down 8p, and is not expensive.

MCD Group begins year ahead of budget

WITH MARKED increases in both turnover and profits at MCD Group, Mr P. J. Custis, chairman, says that the current year has also started well, with sales and profits in excess of last year and ahead of budget. He looks forward to another good year, helped by continuing attention to efficiency, improved handling methods and new products and geographical areas.

For 1984 pre-tax profits of this Kidderminster-based floor covering distributor increased by 69 per cent from £1.79m to £3.03m and turnover by 37 per cent to £40.27m. A final dividend of 2p brings the total to 3p, against a single payment last year of 1.5p. Earnings per 25p share are shown as ahead from 5.7p to 9.7p.

At the halfway stage profits were up from £457,000 to £945,000 and the directors said then that for the first two months in the second half, trading had continued at a satisfactory level. With a normal seasonal increase expected in the latter part of the year they looked forward to the outcome for 1984 with confidence.

For the full year profits were struck after interest charges of £212,000 (£160,000)

During the year the manufacturing subsidiary Trafford Carpets was sold to its management, and earlier this month Wilkie Carpets, which is involved in wholesale flooring, was bought from the WW Group.

Exchange rates help lift Juliana's to £1.5m

SECOND-HALF results of Juliana's Holdings, contract discotheque operator, have lived up to the board's expectations. Pre-tax profits for the period amounted to £982,000, against £696,000, giving a 1984 figure 34 per cent higher at £1.54m, compared with £1.16m.

Turnover for the year rose by 56 per cent from £5.19m to £8.08m. Attributable net profits improved from £936,108 to £991,402, reflected in earnings per 2p share up from a stated 5.76p to 6.68p.

The results have again benefitted from the weakness of sterling against the U.S. dollar. The board estimates that the effect of exchange rates ruling at December 31, 1184, compared with those of the previous year, contributed about £250,000 to pre-tax profits.

Reflecting these results, the final dividend is in effect raised from 1.5p to 1.75p gross for a total payment of2.85p(adjusted 2.5p).

Tax charge was up from £270,006 to £439,576 and there was an extraordinary charge of £111,921 (£51,060 credit) representing a deferred tax provision.

Mr O. J. Vaughan, joint chairman, said he was encouraged by the company's start in the current year and by its prospects, both from its existing discotheque business, and in the medium term from the return on investments made in the last year.

Turnover from the group's standard discotheque contracts with international hotels continued to grow strongly in 1984, showing an increase of 24 per cent on the previous year.

Mr Vaughan said Juliana's began 1984 with 112 hotel contracts and ended the year with 121. It had signed seven new contracts so far this year and had lost none. It was trying very hard to get a discotheque opened in a hotel in China.

The company was planning capital expenditure this year of about £1m, largely on the development of an exhibition disco joint venture project in York with Kunick, a Raffles nightclub in the U.S. and more "Hot Gossip" disco restaurants in Asia.

Mr Vaughan said the first "Hot Gossip" venture in Hong Kong, carried out by Juliana's 50 per cent-owned associate Supersport, had opened in January and early returns were exceeding expectations.

● comment

Juliana's profits growth is certainly healthy, though the 1984 figures have been somewhat depressed by associate Supersport's losses from start up costs at the Montreal disco and delays in opening the Singapore fitness centre.. This year, however, Supersport should start making a substantial contribution to profits —particularly through the Hot Gossip disco/restaurant, which seems to be a highly marketable idea. Juliana's contract disco business, which provides the lion's share of profits, is also showing steady growth. Despite higher borrowings for capital development, and a threat to income if the dollar falls out of bed (some two-thirds of earnings are in dollar related currencies) Juliana's should manage pre-tax profits of £2.25m this year. On the basis of a 25 per cent tax charge, that puts the shares, at 222p on a p/e of 22: demanding but then 1986 growth prospects also look good.

Persimmon offer proceeds will reduce borrowings

Persimmon, a 13-year-old national housebuilder, yesterday unveiled full details of its offer for sale on the full market, where it will be capitalised at £13.8m.

Hambros Bank is offering for sale 4.1m shares at 110p each to raise £4.5m of new money for the York-based company, or £3.94m after expenses. A further 363,636 new shares are being separately subscribed for to raise another £400,000. The cash will be used to reduce the group's £8.2m borrowings to £3.8m, or just under 50 per cent of net tangible assets.

Persimmon's taxable profits rose from £2.4m to £2.6m on a pro-forma basis in the year to last December on sales up from £22.4m to £24.9m. The offer for sale price stands on an historic earnings multiple of eight after a notional 35 per cent tax charge. An indicated annual net dividend of 4.75p gives a yield of 6.2 per cent, covered 2.9 times by historic earnings. There is no profits forecast.

Pre-tax profits rose from £815,000 to £1.14m in the year to December 1981, rising to just over £2m in the following 12 months. The group concentrated on the lower price range in the early 1980s, but is now placing greater emphasis on more expensive homes up to a sale price of £100,000.

It has completed and expects to complete the sale of 590 homes in the period after January 1985, as against 528 in the comparable period in 1984 — of which 297 are in the £20,000 to £30,000 price range and 33 in the £50,000 to £100,000 bracket. Around 60 per cent of legal completions take place in the second half of the year.

The group is active in five geographical areas surrounding York, Newcastle, Northampton, Malmesbury, Crewkerne and Lowestoft and is looking to expand into further regions.

Persimmon's chairman is Mr Duncan Davidson, who founded the group in 1972 with his wife Sarah, currently a non-executive director. The deputy managing director is Mr Anthony Fawcett, who was managing director of Barratt York in the 10 years to 1982. He subsequently formed his own housebuilding group, Sketchmead, which was acquired by Persimmon last June.

Laing and Cruickshank are stockbrokers to the issue. Subscription lists open next Monday, and dealings are expected to commence a week later.

● comment

There are some parallels between Persimmon and a number of the housebuilders like Trencherwood and Berkeley which have gone public in the past year or so — solid dependable companies which have thrived on strong local connections. Yet they have in general tended to be more locally specialised than Persimmon and have yet to prove fully that they can successfully build up the same expertise in new regions. Persimmon, by contrast, has already been through that expansion process several times, albeit with a few minor hiccups on the way. And it still has under its belt a couple of under-exploited regions — Wessex and Newcastle — to add to unit volumes in the years ahead. The contribution from those should help to lift taxable profits towards £3m in the current year. The proven management experience of the pair in the driving seat extends to the middle ranks, with a clutch of former managers from big national housebuilders like Barratt, Comben and Wimpey Homes. An historic earnings multiple of eight stands a couple of points below the construction sector and should leave something to go for.

Maxiprint raises £0.48m by USM placing at 28p

BY FRANK KANE

Maxiprint, a manufacturer and designer of photographic enlargement and printing equipment, has come to the USM by way of a placing of 2m shares of 1p each at 28p per share. Net proceeds of the placing — about 20 per cent of the equity — are expected to amount to £484,000.

The Dorset-based company has the copyright to the Maxiprint System, a high technology enlargement and processing operation which the directors believe can produce colour prints of higher quality than hitherto possible on manually operated equipment.

The company claims that significant savings on labour and training costs would make its product particularly attractive to smaller outlets.

The prospectus identifies three specific markets within the photographic retail field — high street mini-labs, professional photographers, and in-store facilities at department stores and multiples.

On upward estimates the size of the market is reckoned to be around 36,000 outlets, including a significant export market. The company makes no firm profit forecast, but on around 250 sales of complete systems — priced at £8,000 each — taxable profits are calculated at £794,000. This, say the directors, represents around 10 per cent of the prospective UK market and 2 per cent of world markets.

There is no dividend forecast, but it is intended to pay dividends "as soon as the finances of the company permit."

The shares are issued by Security Exchange, a licensed dealer, and broker to the issue is R. Nivison & Co.

W. W. Group slows down and growth held to 15%

DESPITE THE miners' strike, which had an adverse affect on certain parts of the operation, the W.W. Group of textile and carpet distributors produced a record pre-tax profit of £1.23m for 1984, compared with £1.06m. The dividend is being held at 7.94p, with a net final of 6p.

The directors' warning of a slower second half has been borne out. From an increase of 51 per cent to £405,000 in the first half the profit for the full year shows a rise of 15.4 per cent.

W.W. Group is in the process of selling its carpet division to the MCD Group. The cash proceeds will substantially reduce borrowings and fund expansion in other areas of the group which have "considerably more profit potential."

Group property, part of which will go to MCD, is being revalued and will show a useful surplus over book value, the directors state.

Sales in 1984 improved from £26.74m to £29.11m, and from these a trading profit of £1.92m (£1.72m) was earned. After tax £530,000 (£439,000) the net profit is £696,000 (£622,000) for earnings of 27.87p (25.39p) per share.

UK COMPANY NEWS

Savoy's £8m sets THF a poser

A RISE of 83 per cent in 1984 taxable profits to a record £8.11m at Savoy Hotel has further strengthened the group's hand in the face of the continuing desire of Trusthouse Forte to acquire the prestigious chain of London hotels.

The group's limited voting A shares rose 15p to close at 365p after the announcement, while crucial B shares were unchanged at £89.50. Lord Forte, chairman of THF, said last month that similar share price levels were "quite ridiculous," though he restated his company's desire to acquire the Savoy at a suitable price.

The dividend on both classes of share is being raised by 25 per cent, to 2.5p and 1.25p respectively, with earnings at 20.76p (13.72p) and 10.38p (6.86p).

Mr Giles Shepard, the managing director, said yesterday that trading had been very strong in all the hotels with occupancy rates ranging from around 90 per cent at the Connaught and the Berkeley to about 80 per cent at the Savoy and Claridges. Room tariffs increased by between 8 and 11 per cent in 1984. Restaurants were also busy, with the number of covers sold rising by 20 per cent.

He said that forward bookings were extremely promising and that, if the pound held at around $1.30 throughout the current year, American visitors would pay about the same in dollar terms for accommodation as they had in 1984.

The 1983 taxable result at £4.44m benefited significantly from the strong U.S. dollar, and this has again been a factor in the group's performance. Total receipts rose from £43.3m to £51.77m, and the directors say that this reflects not only an increase in the number of overseas visitors to London, "but also the continuing popularity and patronage of the company's hotels and restaurants" by UK citizens.

They add that the improved result was achieved despite expenditure of £4.65m on maintenance, repairs and renewals. On top of this expenditure on additions to fixed assets reached £5.59m, ensuring, in the directors words, that "all the company's hotels and restaurants are being maintained at the highest possible standards to meet the demands of their visitors." This programme continues in the current year, they say.

Trading profit came out at £7.88m against £4.49m after expenditure of £42.09m (£37.99m) and depreciation £1.08m (£817,000). Taxable profits included £365,000 (£137,000) investment income, but were after interest payable at £136,000 (£192,000).

The tax charge came to £2.22m against £527,000, and there was an extraordinary credit of £748,000 last time. Minorities were £10,000 (£22,000).

See Lex

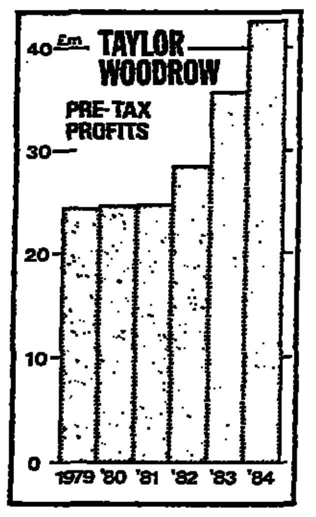
Sir Anthony Tuke, chairman of Savoy

Housing side bolsters Taylor Woodrow

A SHARP increase in housing profits more than offset a decline in Taylor Woodrow's contracting activities in 1984 enabling the group to return a higher taxable result of £42.49m against £35.92m.

Housing contributed £13.37m, up from £7.7m, while contracting earned £1.72m less at £17.74m. The property side also contributed more with a rise from £6.12m to £8.51m and other activities added £2.87m compared with £2.64m.

On a geographical basis, most of the improvement stemmed from the Americas,



up from £5.96m to £12.92m, while the UK experienced a downturn of £1.8m to £16.65m.

The dividend is being increased to 15p with the directors recommending a final payment of 11p (9.5p adjusted). Earnings were stated at 38.1p (33.1p) per share.

Total turnover amounted to £777.04 (£695.7m). Profits included £3.24m (£7.38m) from related companies and were subject to tax of £17.3m (£14.86m).

There were minorities of £2.71m (£1.52m) and extraordinary credits of £2.9m (£10m), mainly arising from property and fixed investment disposals.

Bowthorpe expects slower growth following 37% rise

THE OUTSTANDING year expected by the Bowthorpe Holdings electrical and electronic components group has materialised. Sales for 1984 have advanced nearly 30 per cent to £112.5m, the trading profit by 38 per cent to £16.07m, and the pre-tax balance by 37 per cent to £20.95m.

Shareholders benefit with the final dividend being pushed up to 3.41p, and raising the total for the year from 4.682p to 5.48p net.

The group serves the electronics, telecommunications, aerospace and electricity supply industries. The overseas content of the pre-tax profit in the year advanced from 38.9 per cent to 53 per cent, of which some 27 per cent was generated in the U.S. The UK contribution came to 43 per cent, compared with 58.1 per cent.

Mr R. A. Parsons, executive chairman, points out that the current volatility of currencies makes long-term planning extremely difficult and, in the short term, tends to distort performance. Translation gains of £1.12m were added to profits.

Looking at the prospects for the current year, he is expecting an improvement on 1984, subject to the vagaries of the foreign exchange market; but he does not feel the group will succeed in maintaining an increase in pre-tax profits at a similarly high rate.

Mr Parsons says the UK subsidiaries pushed up their sales by 14 per cent to £53.16m, but competition was keen and this was reflected in tighter margins so that the overall improvement in trading profits from this source was not significant. Overseas subsidiaries achieved impressive growth, he says, with sales ahead 44.6 per cent to nearly £70m while the pre-tax profit jumped 87 per cent.

The group now has 13 operating units in the UK. With one exception all increased their level of sales and the majority improved on the profit of 1983. However, increasing competition, particularly in the defence sector, forced margins down and this continues "to be a source of concern." The miners' industrial action did not directly affect the group significantly.

Overseas, the group has 21 subsidiaries, and 15 of them exceeded the profits achieved in 1983.

During the year capital expenditure was stepped up from £5.78m to £7.74m and some 37 per cent was spent in the UK.

● comment

The market has reacted rather savagely to Bowthorpe's apparent dependence on its consequential insurance claim, interest earnings and foreign exchange boost for its gain in pre-tax profits. However, when all these factors are stripped out the underlying improvement has been £3.7m to £15.8m and margins overall were maintained. The group remains extremely cash rich with a net £25.7m in the bank of which only some £7m is earmarked for acquisitions (two are expected to be concluded by June, one in the UK the other in the U.S.) and this will earn about £2.5m if kept on deposit through the year. Further SBD Electronic Systems acquisition in the U.S will be in for a full year (against almost nothing) producing an expected £1m contribution. What the 50p drop in the share price has done is to pull the historic rating down to just under 14 where it sits more naturally alongside comparable businesses. For 1985 the market is looking for £24m pre-tax (there will be no insurance money this time) which is a prospective multiple of almost 13 on yesterday's 385p.

Aspen is set to join USM

Aspen Communications is joining the USM following a placing by Hambros Bank of a fifth of the equity, 1,353,500 shares, at 125p each, valuing the company at £8.4m.

Aspen has developed by organic growth and acquisition from a base of a specialist magazine printing company, established in 1969, to embrace four main divisions, all operating in the communications industry in the broadest sense.

On a pro-forma basis, magazine production and publishing produced a profit of £343,000 on sales of £3.5m in 1984, corporate video achieved £105,000 on £1.3m, mobile radio telephone £133,000 on £1.9m and computer forms £328,000 on £1m.

Assuming a notional interest charge against the acquisition of Walker, the stationery business, pre-tax profits in 1984 were £805,000.

On that basis Aspen is coming to the market on a p/e of 15.2 assuming a 35 per cent tax rate. There is no forecast for the current year but the directors say that an encouraging start to 1985 has been made. Outside forecasts are looking for over £1m pre-tax for 1985.

A dividend of 2.6p is predicted, giving a yield of 3 per cent at the placing price.

Of the shares being placed, 553,500 are being sold by existing shareholders with the balance raising £818,000 of new money for the company.

Brokers to the issue are L. Messel.

Eric Short looks at the rumours surrounding CU

Speculators go for £1.2bn bid

THE SHARE price of Commercial Union Assurance rose strongly again yesterday on rumours of a bid for the company.

Starting the day at 221p, it advanced to a new 1985 peak of 230p before closing 14p higher at 226p. The current share price values the group at over £932m.

CU has been subject to periodic bouts of bid fever for well over a year, ever since Allianz Insurance, West Germany's largest insurance group, failed to acquire Eagle Star in a bitter £968m bid battle with BAT Industries.

Indeed, CU's share price since the beginning of last year has reflected bid hopes far more than the profit record of the group.

However, whereas previous speculation has confined itself to rumours that a bid was pending, this time the reports are more definite.

The speculation is that either today or Friday an offer of 300p a share will emerge for CU. But there is a wide variety of institutions being put forward as the possible bidder, ranging from the perennial Allianz, to Swiss Reinsurance, Prudential of America and two UK insurance groups—General Accident and Guardian Royal Exchange Assurance.

Mr Cecil Harris, chief executive of CU, yesterday stated that the group had not been holding bids talks with any institution and confirmed that there had been no building up of share holdings recorded in the share register.

Commercial Union has over 412m shares, so the speculation is for a £1.2bn bid—which would make it the largest bid ever seen in the UK.

Even so, Mr Harris puts this figure far too low for the worth of the group.

The 1984 report and accounts gives a net asset value of 260p per share for CU's non-life business. The life business on assets alone is worth at least another 100p. When goodwill is added, the underlying net asset value is at least 400p.

It is understood that there was large scale buying of CU shares yesterday, possibly by a single purchaser. However, Allianz denied that it was behind the buying and it flatly denied the takeover rumours.

Allianz is still keen to strengthen its overseas operations and has been involved in, or is seeking, acquisitions in a number of countries. But it is still highly sensitive about its unsuccessful attempt to buy control of Eagle Star.

Walter Lawrence rises to £3m

Walter Lawrence, the construction, house development, manufacturing and engineering group, increased pre-tax profits from £2.63m to £2.96m for 1984. This was after a higher £150,000 paid to its employee profit sharing scheme, against £130,000 previously.

The directors are proposing a same-again 7.25p final, making an unchanged 10.25p total for the year. They are also proposing a two-for-one scrip issue to bring the issued capital more into line with capital employed. The new shares will not rank for the proposed dividend.

Stated net earnings per share are shown lower at 38.7p against 44.3p.

Group turnover amounted to £114.15m (£82.02m), yielding record profits of £3.1m (£2.76m) —a 12.7 per cent increase.

Mr John Redgrave, the chairman, says htat the group's order books for 1985 are encouraging despite continuing low margins. Appalling building weather for the first quarter must take its tol on the year's results, he says, although every effort will be made to recover from the setback.

Tax took a higher £547,000 (£369,000), and there was an extraordinary item of £495,000 (£319,000) representing closure costs of certain construction offices, along with redundancies and reorganisation costs in manufacturing and engineering.

At end-December 1984 shareholders' funds had increased to £17.31m, equivalent to 271p per share.

Currency changes account for 76% of Steel's rise

Steel Brothers Holdings has benefited from its international business spread with nearly 76 per cent of a £3.8m increase to £14.9m in pre-tax profits for 1984 due to exchange rate movements.

Most of Steel's profits stem from the Middle East and North America. The company is engaged in rock products and construction supplies, food and catering, and engineering.

A 33 per cent rise to 12p in the final dividend is recommended which raises the total payout from 13p to 16p. Earnings per share were stated 15.75p higher at 63.51p.

Total group turnover came to £135.66m (£119.57m)

● comment

Steel Brothers has been very open about its substantial currency gain and perhaps rather unfortunately the market has responded to such candour by raising the shares by only 10p to 540p in spite of the £1m increase in pre-tax profits from underlying growth. Before central costs are deducted, 92.5 per cent of profits came from the richer Middle East states and North America. Performances in Africa, Asia, Australia and Europe were all down on 1983 levels. Eroding margins in the Middle East makes for some uncertainties on the food and catering sector; the closure of a major Kennecott copper mine in the U.S. will dent 1985 lime sales. The attempt to boost UK earnings by contract catering in the NHS are sound but unlikely to be as fruitful in return terms as the traditional businesses. For 1985 the market is looking for another £½m on an underlying growth basis—which gives a prospective multiple of 9.5 on a 37½ per cent tax charge assuming profits of £12.5m. Any currency gains would be a bonus.

Tootal accuses Entrad of 'scare tactics'

In a strongly worded letter to shareholders, Tootal has accused Entrad of "resorting to scare tactics in its efforts to gain control" of the UK thread and textile group.

The charge follows Entrad's purchases in the market on Monday, when the Australian company lifited its holding to the maximum level permitted at 29.99 per cent.

Tootal says that Entrad "has been defeated by reasoned argument, and is now using a misleading and highly emotional advertising campaign."

The letter reiterates Tootal's intention to pay a 4p total dividend which it says will be covered 2.3 times, and rejects Entrad's claim that Tootal has in the past been stretched to pay its dividend. "If this were true," the letter asks, "how could we have maintained a dividend cover of 2.3 times and at the same time halved our gearing to 27 per cent?"

DRI records 220% profit surge

By Jason Crisp

DRI, the computer peripheral group which until last year was a wholly owned subsidiary of the Brtish Technology Group, announces pre-tax profits of £3.4m in 1984, up from £1.06m in the previous year.

DRI claims to be Europe's largest independent designer and manufacturer of computer peripheral equipment. It plans to seek a full Stock Exchange listing later this year.

The sharp improvement in profits was achieved on a relatively small increase in turnover, which rose £4.3m to £74.7m. The low growth in turnover was the effect of a substantial loss of sales to Control Data, the U.S. computer company, following the ending of a joint venture, United Peripherals.

The major growth in sales was from dot matrix printers which rose 50 per cent to £21.1m in 1984 and accounted for 28 per cent of turnover. Sales of disc drives fell by nearly £6m because of the reduction in sales to CDC. Revenues from disc drives sold by DRI subsidiary Newbury Data were almost static at £10.9m.

Last year the BTG sold a substantial part of its holding in DRI to a group of financial institutions and now owns 36 per cent.

BOARD MEETINGS

TODAY

Interims: Adwest, Kalamazoo, Wade Potteries.

Finals: A.P.V., Astbury and Madeley, British Mohair, British Printing and Communication, Brixton Estate, Brook Street Bureau, John Crowther, I. J. Dewhirst, Etam, Finlay Packaging, Fogarty, Godwin Warren Control Systems, Grovebell, Matthew Hall, Northern Engineering Industries, Owen Owen, RMC, Rio Tinto-Zinc, SCUSA, Sun Life Assurance, Telephone Rentals, Toye, United Parcels.

FUTURE DATES

Interims—

Cradley Print	Apr 22
North Sea Assets	Apr 19
Pochin's	Apr 24
TR Australia Invest. Trust	Apr 24

Finals—

Anglo American Coal	May 14
Bilton (Percy)	Apr 22
City of Oxford Invest. Trust	May 8
Dunhill	May 28
Ellis and Goldstein	Apr 24
Fleming Universal Invest. Tst.	Apr 24
Future	Apr 26
Group Lotus Car	Apr 29
Lilleshall	Apr 25
Marshall (Thomas) (Loxley)	Apr 18
Moss Bros.	Apr 23
Smallshaw (R.) (Knitwear)	Apr 24
Systems Reliability	Apr 25

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Boosey and Hawkes	Nil	—	3	Nil	5
Boase Massimi	4.5	—	3.5	7	5.5
Bowthorpe	3.41	July 1	2.84	5.48	4.68
Emess Lighting	2.6	May 30	2.13*	4.6	6.25*††
Falcon Industries	1	—	1	2	2
Highland Electronics int.	1	—	Nil	—	1.8
J. Hepworth int.	1	July 1	0.75*	—	2.58*
Juliana's¶	1.75	June 28	1.5*	2.85	2.5*
Walter Lawrence	7.25	July 1	7.25	10.25	10.25
London & S'clyde int.	0.85	May 10	0.85	—	2.35
MCD Group	2	June 3	1.5	3	1.5
Octopus Publishing	7.2†	May 31	6	10.8	9
Owners Abroad‡	1	July 5	0.75	1	0.75
Austin Reed	3.5	July 1	3*	4.5	4*
Savoy Hotel‖	2.5	—	2	2.5	2
Savoy Hotel**	1.25	—	1	1.25	1
Scanro‡	0.7	—	—	0.7	—
Share Drug int.	0.7	June 14	—	—	—
Southampton IoW	10	—	9	14	12
Steel Brothers	12	July 1	9	16	13
Taylor Woodrow	11	July 1	9.5*	15	12.25*
WW Group	6	June 12	6	7.94	7.94

Dividends shown pence per share net except where otherwise statd.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Gross throughout. ‖ "A" shares. ** "B" shares. †† For 18 months.

UK COMPANY NEWS

Falcon Industries static at £1.03m as margins shrink

Falcon Industries reports slightly lower pre-tax profits of £1.03m for 1984, against £1.12m previously, despite a 32 per cent increase in turnover.

The small rise in operating profits, from £1.43m to £1.48m, was achieved by this Wolverhampton-based tools, engineering and building group on sales of £33.34m (£25.35m).

As forecast in February at the time of the acquisition of Plantpak, a same-again 1p final dividend is being recommended, making an unchanged 2p total, payable on those shares in issue prior to the acquisition. Stated net earnings per share are shown lower at 4.6p (5.6p).

Commenting on the group's prospects, Mr Ronnie Aitken, chairman, says that sales of Plantpak, a major supplier of plastic seed trays, plant containers and other horticultural products, has continued to progress, and in March were more than £100,000 higher than in any other month in the company's history.

He adds that funds have been provided during the year from share issues connected with acquisitions, from its bankers and from trading activities, to finance a "very substantial increase" in the range of Falcon's operations.

A higher proportion, some £885,000 (£714,000), of the group's operating profit in 1984 was generated by the Elliott-Medway Building division on turnover ahead at £19.22m (£11.9m). This includes an "excellent" contribution from Wyseplan, acquired in July.

Jenks & Cattell, tools and engineering division, improved profits to £417,000 (£380,000) on turnover of £8.68m (£8.29m), while Burgon & Ball, tools division, produced lower operating profits of £180,000 (£340,000) on sales of £5.44m (£5.14m). A major reorganisation of production facilities was carried out in this sector during the year.

The pre-tax figure was struck after higher interest charges of £457,000 against £318,000.

Mr Ronnie Aitken, chairman of Falcon

Tax took a similar £166,000 (£160,000), and minorities £1,000 (£2,000). Retained profit transferred to reserves came out at £417,000 (£152,000).

● comment

After the promising turnround in 1983, Falcon produced a rather stuttering performance last year. The company is excited about Plantpak, bought earlier this year, but other acquisitions have proved more troublesome. Both the Taymar tools business and the Wyse plan building operations have taken time to reorganise and relocate. Those subsidiaries which have swallowed the company dictor's medicine—notably Jenks and Cattell — performed well. This year's garden tool sales to the big retailers started slowly, and much will depend as ever, on the weather. Gearing at the end of February was 67 per cent of shareholders' funds, though Falcon says it will soon come down to less than 50 per cent. The company may have been striving a little too hard for growth, which is why "Dr Aitken" is talking of 1985 being the year of consolidation. At 42p the yield is 6.8 per cent and the p/e is 9.

London boost for Austin Reed

Better-than-expected results for 1984 have been achieved by the Austin Reed Group of clothiers. The pre-tax balance for the year has risen from £3.97m to £4.23m and the dividend is stepped up from the equivalent of 4p to 4.5p net, with a final of 3.5p.

At the halfway mark, profits had shown a small reduction over the comparable period, and the directors did not expect the full year profit to exceed the record of 1983.

They say 1984 was a good year for the Regent Street store and the business in London. Options womenswear departments are now trading in 34 Austin Reed branches and a further six free-standing Cue shops have been opened.

The manufacturing division again increased its contribution, and the demand for Chester Barrie, Stephens Brothers and Harry Hall merchandise remains buoyant.

A new factory for Austin Reed of Regent Street clothing has been established, while "valuable income" continues to be earned from the licensing of this label in the U.S. and Japan.

Turnover for the year came to £57.3m, against £52.41m, from which a trading profit of £4.23m, compared with £3.97m, was earned. Tax takes £1.31m (£1.61m) to leave the net profit at £2.92m (£2.36m) for earnings of 11p (8.9p).

Close Brothers

For the six months to January 31 1985 pre-tax profits of the Close Brothers Group totalled £866,000. The interim dividend is increased by 5 per cent to 2.625p net.

The group, formerly Safeguard Industrial Investments, merged with Close Brothers last year and no comparisons are given. However, business in all sections of the group was at high levels.

In banking services loans and factored advances totalled £9.2m at January 31 (£7.4m at June 30 1984). There was a steady increase in the depositor base. The group also has an investment division.

Tax for the half year took £323,000 to leave £543,000. Earnings per 25p share amounted to 4.2p. The directors are confident of a "satisfactory" outcome for the full year.

Scottish TV

Scottish Television raised pre-tax profits in 1984 from £2.62m to £3.69m, after charging Fourth Channel subscription of £8.09m (£6.35m) and Exchequer levy of £3.53m (£2.77m).

Advertising revenue was up 16 per cent at £53.61m (£46.22m), substantially ahead of the network as a whole. However, revenue in the October-December quarter was only 5 per cent higher than in 1983, after a long period of growth.

Advertising income in the first quarter of 1985 was 1 per cent higher than the same period last year. The directors say immediate advertising prospects are not reassuring, but they are hopeful that present levels of increase will improve through the summer and autumn.

After tax of £1.87m (£1.34m) stated earnings per 10p non-voting "A" ordinary shares were 24.19p (22.25p). A final dividend of 6.5p makes a total payment of 8.8p (8.1p) net. An extraordinary item this time of £2.04m was met by a transfer from reserves.

Owners Abroad falls £1m but is set for substantial recovery

Mr Neil Scott, chairman of the Owners Abroad Group, is looking to 1985 for a "substantial" improvement in profits after seeing figures for 1984 fall by over £1m.

He tells shareholders that although many major competitors are still experiencing poor booking levels, group sales for the first three-and-a-half months of the current year are up 38 per cent and margins are being maintained.

For 1984 pre-tax profits fell from a restated £3.26m to £2.21m. Mr Scott says the year has been described as one of the worst on record for the British travel industry.

However, despite over-capacity in the airline industry hitting a peak, this USM group, an airline seat broker and tour operator, made "very substantial" increases in business, carrying a record 821,000 passengers against 656,000 in 1983. Carryings for 1985 are expected to exceed 1m.

Group turnover for 1984 advanced from £67.86m to £88.93m. Tax accounted for £1m (£910,000) and extraordinary debits for £421,000.

Available earnings fell from £2.35m to £787,000, and earnings per share were shown as 2.24p (4.52p) per 10p share. The dividend for the year is increased to 1p (0.75p) net.

After 21 months' ownership the Falcon Leisure Group has been fully integrated and contributed £450,000 to group profits.

Further significant savings will come from the sale for $525,000 of the group's yacht.

Owners Abroad has acquired a 26 per cent shareholding in Omicron Management Software for £354,000. For 1985 the company expects to produce profits before tax of some £500,000 £250,000).

Speaking at a Press conference yesterday Mr Scott said that his company was now looking for a new stockbroker following a breakdown in its relationship with Grieveson Grant.

A spokesman for Grieveson said yesterday that his firm had resigned but he would not elaborate on the reasons for the split. Grieveson was Owners' third broker since it came to the market at the beginning of 1982.

In a reorganisation of directors' shareholding Mr Scott has purchased 2.73m ordinary Owners Abroad Group shares from Mr R Hoffman, a previous employee of the group. Subsequently, to create a more even distribution of shareholding among the board, Mr Scott has sold 5.4m shares to other directors.

● comment

Few companies would describe a fall in profits of a third as an "excellent" performance—but Owners Abroad does and it offers three reasons why the reported profits are not what they seem. The auditors have put a stop to the company bringing forward profits on future business which has had the effect of taking £½m out of 1984 figures. Also the 1983 results were exceptionally high because the seasonal loss-making period of Falcon fell into the pre-acquisition period. And finally the latest period has taken a £300,000 post acquisition loss on the Twenties purchase—a new addition which is coming for some rationalisation but still looks a useful buy. So if the market starts playing around with the numbers, and takes a view on the company's bullish statements about current trading, projections for this year come out around £3½m, dropping the prospective p/e to 5½ at 23p. On the face of it the rating is very modest but it is probably a case of the market believing it when it sees it—the travel industry has had more than its fair share of traumas. Also the City parish might be a little edgy about the third change in the "house broker" in as many years.

Scanro exceeds forecast with £439,000 profits

PRE-TAX profits of Scanro Holdings, maker of windsurf boards, rose sharply from £89,191 to £439,286 in 1984, to exceed the £410,000 forecast made last August at the time of the company's USM placing. As projected, there is a net dividend of 0.7p for the year.

Market expectations are for profits of over £600,000 this year.

Scanro Limited, the group's trading subsidiary, made profits before tax and exceptional items of £426,472, on turnover of £2.4m. The parent company contributed £12,814 pre-tax.

The terms of the merger between Scanro Holdings and Scanro Limited do not fall within the provisions of SSAP 23. Acordingly, it has been necessary to prepare group accounts on an acquisition basis as required by the Companies Acts. On that basis, group turnover was £505,198 and pre-tax profits were £75,147.

Operating profits climbed from £118,301 to £460,067. Net interest took £20,781 (£29,110) and there was an exceptional charge this time of £25,000 being a trademark write-off. After tax of £135,229 (£7,461) stated earnings per 50p share were shown as 9.7p (3.1p).

Sales of windsurf boards continue to increase and new orders both at home and overseas are well ahead of this time last year, says Mr David Sawyer, chairman.

A further 16,000 sq ft of manufacturing capacity is in use; an additional unit on the same trading estate of 17,000 sq ft was fully operational, making sails for Scanro's range of surfboards.

The chairman says windsurfing is attaining increased acceptance both as a competitive sport and as a leisure activity, and the number of windsurf boards that are sold worldwide each year continues to grow. He says it is within this expanding market that Scanro is ideally placed to prosper.

In February, it was announced that Scanro opened two sales offices in the U.S. and appointed a sales agent in Japan — orders from these new markets are "most encouraging."

Exports account for 70 per cent of business. Scanro claims to have 40 per cent of the UK market — it is the dominant producer — and sees the domestic market growing by 20 to 30 per cent a year.

UK COMPANY NEWS

David Churchill looks at Tesco's plans for superstores

Store war battle hots up

THE STORE wars saga continued yesterday when Tesco announced a £145m rights issue hard on the heels of Associated Dairies (Asda) planned take over of the MFI stores chain in Britain's biggest ever retail merger deal. "The pace in retailing is really beginning to hot up now," observed one major retail chief yesterday.

The battle lines in the latest rounds of the grocery war are being drawn up not around the price wars of the late 1970s but around the frantic grab for the best superstores sites left in the UK. At stake in the present retail manoeuvres is the very structure of large-store retailing in the 1990s.

Mr Ian MacLaurin, who takes over as chairman of Tesco in July, yesterday made clear that the rights issue was to give Tesco the financial muscle to stay ahead of rivals J. Sainsbury and Asda in the superstore stakes. "There are only a finite number of superstore sites available in the UK and if the present trend continues, these will have been snapped up over the next five years," he explained. "It is my job to make sure that we get our share of the remaining sites."

Tesco and Asda are the clear superstore leaders at present with around 100 such stores each (defined as having more than 25,000 sq ft of selling space). Although Sainsbury trails a considerable way behind in actual numbers of stores over this size, it has a large number just below this arbitrary threshold and competes vigorously with Tesco and Asda as new superstore sites become available.

Superstores have emerged as the key element in the grocers' armoury during the 1980s as a result of two main factors. Firstly, the fierce price competition of the late 1970s put severe pressure on retailers' net margins. The way to maintain profitability in the face of price wars was to push a higher volume of business through ever larger stores, which had the benefit of spreading the overheads. Big became beautiful in the supermarket executives' vocabulary.

Secondly, the superstore phenomenon developed as a consequence of changing life-styles and social patterns. Growth in car ownership made people more willing and able to take their cars for bulky food shopping and the continuing high proportion of working women meant that grocery shopping became a real chore.

Superstores, however, provided the answer. Families could pay a weekly or fortnightly visit to a large superstore and stock up with basic food items and at the same time be persuaded to buy other goods such as garden products or electrical durables. To overcome the problem of escalating petrol costs, superstore operators wooed the motorists with cut-price petrol.

Euromonitor, the market research company, calculate that from an initial base of two food superstores operating in 1963, there were 372 in place by last year. Already, it is likely that the numbers have topped 400 and most forecasts expect there to be about 600 superstores built by 1990.

Roger Taylor

Mr Ian MacLaurin, chairman-elect of Tesco ... "There are only a finite number of superstore sites available in the UK. It is my job to make sure that we get our share of the remaining sites"

Such numbers remain really only informed guesses, however, since the number of new stores being opened depends heavily on planning permissions being granted. A feature of all new superstores is that consumers prefer car parking on the level (rather than in multi-storey car parks) so the amount of land needed is considerable.

A recent survey by the Institute of Grocery Distribution found that almost 60 per cent of new superstores were built out-of-town in 1983, compared with 25 per cent at the beginning of the decade. The institute suggests that the reasons for this switch "are the comparatively low purchase and development costs of such sites together with the ease of providing parking."

Certainly the problems of adequate car parking in town centres and the restrictions on large store development is intensifying the pressure on finding out-of-town superstore sites not only from food retailers but from other traditional High Street specialists. Last year Marks and Spencer made clear it acutely felt this pressure and announced its intention of seeking new store developments away from the High Street.

It then went a stage further and surprised most in the retail trade and the City by creating an informal link-up with Tesco for future out-of-town developments. Marks believed that it would be useful to work with a retailer with established expertise in finding sites and negotiating with local authorities for planning permissions.

Yet while the giant retailers battle it out for the remaining superstore sites—and paying a hefty premium in the process—their concentration on large scale retailing is providing new opportunities in its wake for the small specialist retailer who can offer convenience—such as opening at unsocial hours—or a service. Big may be beautiful for Britain's major retailers in the 1990s, but the small store will still have its place.

SUPERSTORE NUMBERS BY OPERATOR 1982-84

Number	1982	1983	1984	— % change — 83/84	82/84
Argyll Foods	11	12	16	33.3	45.5
Asda Stores	65	71	77	8.5	18.5
Dee Corporation ...	12	12	13	8.3	8.3
Fine Fare	31	35	39	11.4	25.8
Hillards	7	8	7	(12.5)	—
International*	18	18	5	(72.2)	(72.2)
Wm. Low & Co. ...	2	2	2	—	—
Morrisons	14	17	22	29.4	57.1
Safeway...............	1	1	1	—	—
J. Sainsbury	10	10	19	90.0	90.0
SavaCentre	5	5	5	—	—
Tesco	70	79	83	5.1	18.6
Woolco	11	11	11	—	—
Co-operative Socs..	47	51	63	23.5	34.0
Independents	14	13	9	30.8	(35.7)
Total	318	345	372	7.8	17.0

* Now part of Dee

Source: Euromonitor from IGD data.

Octopus passes £9m with better margins

WITH THE increase in trading profit keeping abreast of the rise in turnover, and the net taxed profit showing an advance of 53.7 per cent, the Octopus Publishing Group had an "outstanding year" in 1984, reports the chairman Mr Paul Hamlyn.

And he expects the current year to be one of continued growth and progress.

The dividend for the year is lifted from 9p to 10.8p net, the final being 7.2p.

Turnover of this publisher of books, manufacturer of stationery and gift products rose by 43.7 per cent to £53.41m and the operating profit by a like percentage to £8.07m. With the addition of investment income the profit before tax has risen from £6.33m to £9.12m—equal to 44 per cent.

Apart from dividends received on shares owned prior to the offer, no figures are included for Websters Group, which was bought in mid-December. This acquisition represented a major move for the group, says Mr Hamlyn. Reorganisation is proceeding and agreement has been reached to sell Websters Bookshops and Books for Students to W. H. Smith for some £9m.

Mr Hamlyn looks forward to 1985, notwithstanding the fluctuating international conditions and the fact that exceptional benefits achieved in 1984 from exchange rate movements may not be repeated.

Tax takes £3.14m (£2.44m) to leave the net profit at £5.99m (£3.89m) for earnings of 53.7p (35.5p), or 37.2p (24.4p) fully diluted. There is an extraordinary credit of £771,000 (debit £252,000) which is mainly the net profit on the exercise of options obtained over ordinary shares in W. N. Sharpe.

● comment

The £21m acquisition of Websters is shaping up well. Octopus quickly despatched the retail side to W H Smith for £9m and other peripheral activities could also be on a short list for a one-way ticket raising, perhaps, another £3m to £5m of cash. But the bit of Websters that Paul Hamlyn was really after, the distribution business, Websters, which makes most of the profits anyway, is every bit as good as he had hoped for. In the current year Websters could add in at least £2m to pre-tax profits. Generally 1985 is not going to be as easy for book publishers as last year but even so the core Octopus business should continue to edge forward. So overall profits could reach £12m to £12½m for a prospective p/e at 1025p of close to 22 fully-diluted. That is an extremely high rating but the company has shown the ability to perform well and make the right acquisitions.

Contracts & Tenders

Company Notices

High margins behind 35% rise at Boase Massimi

Boase Massimi Pollitt, one of the UK's leading advertising agencies, raised its 1984 pre-tax profits by over 36 per cent and has made a good start to the current year.

In line with the December forecast, profits advanced from £1.65m to £2.25m and shareholders are to get the promised final dividend of 4.5p which lifts their total payment by 1.5p to 7p net per 25p share.

To improve the marketability of the shares the directors are also proposing a one-for-one share split.

Mr Martin Boase, group chairman, says BMP's second year as a public company proved no less exciting than the first. He reveals that billings growth continued and the group became the ninth largest of its kind in the UK.

Shareholders are told that since 1982 pre-tax profits have virtually trebled while earnings per share have risen even more steeply.

The last months of 1984 saw the first step in a programme to develop Boase into a group of marketing services companies.

Mr Boase says the factors behind the group's 1984 performance were continued turnover growth and sustained high margins. Turnover increased by almost 33 per cent to £58.48m (£44.08m) through a substantial growth in business with both existing and new clients.

It is pointed out that the group's operating margins at 3.5 per cent remain high in relation to the industry average but that costs relating to the rapid growth of recent years may have some minor effect on margins in the coming year.

Tax for the past year rose to £1.08m (£848,000) to leave net profits some 46 per cent ahead at £1.18m.

Earnings per share improved from 15.58p to 22.8p, an increase of 248 per cent since 1982. The directors see organic growth remaining a crucial ingredient in the group's progress.

Boase branched out into the marketing field last January with the acquisition of Marketing Solutions, which is on target to make a pre-tax profits total of £2.45m for 1984 and 1985.

At this week's British Television Advertising Awards BMP swept the board. The group took five of the seven gold awards and five of the 15 silvers.

● comment

BMP has performed on cue—much like the dog in their advert for John Smiths beer which has just won the best commercial of the year award—and turned in profits exactly as those forecast by the company in December when it was purchasing Marketing Solutions. This acquisition plus a 25 per cent stake in a new agency in New York (Angotti Thomas Hedge) and the recently set up, 75 per cent owned UK-based BMP Business Communications are laying the basis for development into a marketing services group. With operating margins twice the average for the industry and with a forecast by analysts of 7 per cent real growth in billing levels across the sector for this year, the expectation is for pre-tax profits of £4m for 1985, although there would be no surprise if this level was marginally exceeded. Group billings in the first quarter are ahead 14 per cent in annualised terms and the shares remain attractive on a prospective p/e of 19 at 705p, up 20p.

Boosey passes final

Boosey and Hawkes, musical instrument maker and music publisher, moved back into the black in the second half of 1984 but still finished the year with a loss of £32,000 pre-tax, compared with previous profits of £736,000. Turnover totalled £39.03m (£34.19m).

A slightly higher tax charge of £447,000 took the net loss up to £479,000 (profits £299,000) and, like the interim, the final dividend is also being passed—a total of 5p was paid for 1983. Loss per 25p share amounted to 13.3p (6.5p earnings).

The directors say 1985 should see a better result—1984 second-half profits were £104,000.

MINING NEWS

South African gold reports paint varied first quarter picture

BY GEORGE MILLING-STANLEY

THE MARCH quarterly report from the South African gold mines in the Johannesburg Consolidated Investment ("Johnnies") and Anglovaal groups present a widely divergent picture of progress over the past three months.

Both of the veteran operations in the Johnnies group suffered lower net profits, with the marginal Western Areas particularly badly affected.

Mr George Nisbet, the mine's chairman, explained yesterday that the lower grades noted in the previous quarter persisted into the latest period, with the result that the management had to take "drastic action" which seriously reduced production.

Mr Nisbet added that production is now recovering towards previous levels and grades are improving, but the mine does not expect to return to normal before September. Net profits fell from the December quarter's R18.1m to R5.7m (£2.4m).

The other mine in the Johnnies group, Randfontein Estates, also produced lower net profits, with a total of R57.9m against hte December quarter's D74.5m. The main problem was a sharply increased tax charge, and a steep reduction in allowable capital expenditure.

Both mines have re-stated their figures for earlier quarters in order to account for the impact of the higher surcharge.

The same treatment has been adopted by the Anglovaal gold mines, although the impact on profits was generally not so severe, with Hartebeestfontein, Loraine and the sand retreatment operation Village Main all recording improved quarterly profits.

Eastern Transvaal Consolidated, by contrast, suffered lower profits as a consequence of operating problems at the Sheba mine. These difficulties have now largely been resolved, but profits for the period fell from R5.1m to R3.9m.

The Anglovaal group's two base metal mines, Prieska and Consolidated Murchison, were also subject to higher tax surcharges, as the budget imposed a 15 per cent penalty on all base metal producers.

Helped by increased production and sales of copper concentrates, including some sales from stockpiled material, Prieska was able to overcome the effects of lower zinc sales and net profits advanced from R8.9m to R9.8m.

Murchison's sales of antimony were higher, and gold revenue improved sharply, but the mine suffered a tax charge of R2.4m compared with the previous quarter's credit of R2.2m and net profits for the latest period fell from R4.5m to R2.3m.

	Mar qtr R000	Dec qtr. R000	Sept. qtr. R000
Randfontein	57,942	†74,475	45,933
Western Areas .	7,947	†18,475	16,210
Hartebeestfontein	31,280	†27,988	26,679
Loraine .	12,734	11,763	7,571
Cons Murchison	2,340	†4,544	2,943
Prieska ...	9,755	†8,869	8,128
East Transvaal	3,900	†5,098	4,708

† Restated.

Banks talk with Denison about troubled coal mine

REPRESENTATIVES of more than 50 banks have met officials of Canada's Denison Mines and the Japanese steel industry in Toronto over the past two days to discuss the future of the troubled Quintette coal mine in north-east British Columbia, reports **Bernard Simon**.

played down the importance of the meting, describing it as a regular meeting, of the banking group for a "technical review," of the Quintette project.

Analysts believe, however, that issues under review include the future participation of Denison in the project, the refinancing of the debt-burdened mine and proposals for a new mining area to bring Quintette up to its targeted production rate.

Mr Stephen Roman, Denison's chairman, said earlier this week that mine development plans had been drafted and a new open-pit would probably be built later this year.

He said he was "determined to make Quintette a success."

The mine, Canada's largest coal producer, has been dogged by geological, management and financial problem since it was commissioned at the end of 1983.

Output last year of 2.8m tonnes of metallurgical coal and 0.6m tonnes of thermal coal, was 22 per cent below contracted volumes. Quintette recently agreed to a price cut of C$8.50 a tonne, bringing its price to C$91.50 a tonne.

Denison has a 50 per cent shareholding in Quintette and manages the mine. Other shareholders include Mitsui Mining, Charbonnages de France, Tokyo Boeki, and nine Japanese steel companies.

Quintette was financed by equity contributions from shareholders and C$800m in loans from a consortium of 56 banks. Denison has declined to reveal the extent of the mine's losses, but according to one local report, analysts expect this year's loss to be close to C$100m.

Quintette earlier this year staved off default by asking its lenders to suspend a financial performance requirement under the credit agreement.

The mine's problems appear to have been the main reason for the abrupt departure recently of Denison's president, Mr Clifford Frame. According to Mr Roman, "Mr Frame was put in charge of the megaproject and he didn't deliver on what was supposed to be delivered."

UBM meets bid forecast

BY CHARLES BATCHELOR

UBM Group, the builders' merchants, increased pre-tax profits from £10.21m to £13.73m in the year ended February 1985, according to the documents published yesterday detailing the agreed £112m takeover bid from Norcros, the building materials group.

This audited preliminary result compared with a forecast of "approximately £13.5m" made when the bid was announced on March 27. UBM's earnings per share rose from 10.9p to 13.5p.

The company recorded an extraordinary charge of £812,000 compared with £183,000 previously. The increase was due largely to a tax-related loss of £889,000 on the sale of the scaffolding division to BET and a loss of £196,000 on the sale of UBM's 51 per cent stake in Neiman-Reed, a Californian retailer of home improvement and garden products.

Turnover rose from £321.1m to £340.9m in 1984-85, although the severe winter weather in the last two months of the trading year and the impact of the miners' strike cost UBM about £750,000 at the pre-tax level, Mr Roger Pinnington, chief executive said.

UBM's three main divisions all increased trading profits last year. Building supplies from £6.46m to £9.19m— glass from £1.63m to £1.84m and motors from £1.39m to £1.82m.

In a letter to shareholders included in the offer document Mr Allen Sheppard, UBM chairman, said the takeover bid had been agreed "to resolve what was essentially an unsatisfactory position for both companies." Norcros had retained a 36.2 per cent stake in UBM following its failed contested takeover bid in 1983.

Norcros is offering seven of its own shares and 840p cash for every 10 UBM shares, with a cash alternative of 189p per share. First closing date on the offer is May 7.

APPOINTMENTS

Changes at B. Sunley

Mr Nigel Linstead has been appointed managing director of BERNARD SUNLEY & SONS, the contracting division of the Sunley Group. He was previously chairman of the building division of Norwest Holst, from whom he resigned in January. **Mr John Fryer** has relinquished this position to become deputy chairman and continues as managing director of Sunley Holdings in order to devote more time to the expanding activities of the group.

★

CO-OPERATIVE BANK has appointed **Mr James Barge** as general manager (City). He joins the bank on May 1 from National Westminster Bank where he is financial controller of the domestic banking division. **Mr Ivor Fox** is to join as assistant general manager (marketing) with responsibility for developing and implementing marketing strategy. He is currently vice-president and director of planning and marketing at HFC Trust and Savings.

★

Sir Alex Jarratt is to become non-executive chairman of SMITHS INDUSTRIES on August 5 in succession to Sir Roy Sisson, who is retiring. Sir Alex recently announced his forthcoming retirement as chairman of Reed International from July 31.

★

Mr James Benn has been appointed managing director of ASPEN TELEVISION, the London-based subsidiary of Aspen Communications. He was chairman and managing director of Benn Publications, the principal subsidiary of Benn Brothers, of which he was also a director.

★

Mr Michael J. O. Kettle has been appointed chairman and chief executive of MONO PUMPS and chairman of Saunders Valve Company from May 1. Mono and Saunders are both wholly owned subsidiaries of Gallaher. Mr Kettle was previously with BTR as group chief executive for consumer related products.

★

Mr John Blest has resigned as chairman of the HOPS MARKETING BOARD, and the chairman of the newly named growers' co-operative, English Hops, will be **Mr Hugh Philbrick**.

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Wednesday April 17 1985

Vietnam struggles for self-sufficiency in food, Page 40

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WALL STREET

First shot in data barrage intimidates

THE OPENING salvo of this week's barrage of economic data drove Wall Street investors down into the trenches yesterday, *writes Terry Byland in New York.*

The disclosure of sluggish industrial output in March outweighed the sharp jump in housing starts and strengthened fears that the growth of the U.S. economy is slowing.

At 3pm the Dow Jones industrial average was down 4.52 at 1,262.26.

Initial firmness in stocks was reversed when, hard on the heels of the March industrial statistics, Wheeling-Pittsburgh, seventh largest U.S. steel maker, filed under Chapter 11 of the bankruptcy laws. But federal bonds, in tandem with the dollar, responded favourably to indications of slower economic growth.

The rise of only 0.3 per cent in last month's industrial output, contrasting with Wall Street predictions of around 0.5 per cent, encouraged those in the bond market who believe that the Commerce Department's revised GNP statistics for the first quarter, due at the end of the week, will confirm that the U.S. economy is sluggish. However, Wall Street's bond traders are less pessimistic than the foreign exchange markets.

In the stock market, investors remained torn between the expectation of lower interest rates and the visible evidence of the mixed trend of corporate earnings for the first quarter now flowing through the market.

A clue to the underlying trend came at mid-morning when the market was hit by another bout of technical selling as an arbitrage opportunity led a major trader to buy stock index futures and sell the underlying stocks.

Premiums on the two stock options, the major market index option which is traded on the American Stock Exchange, and the Standard & Poor's 100 index option on the Chicago Board Options Exchange, have narrowed their spread against the stock market over the past fortnight. But traders expect the spread to return to normal once a handful of large positions have been unwound.

Those to suffer a reversal of early gains included IBM, $⅜ off at $128⅞, General Motors, $1⅛ down at $72¼, Ford, $¾ off at $43¾, and NCR, $⅞ off at $26½. Burroughs added $¾ to $59⅞ after results.

Steels weakened after Wheeling-Pittsburgh was suspended unchanged at $8¾ on its Chapter 11 filing. Lukens was unchanged at $15⅛ on its trading figures.

Defence stocks were under pressure again, with General Dynamics a further $1⅛ off at $67⅞, and trading statements preceded falls of $⅞ to $35 in Rockwell and of $⅛ to $45⅛ in Northrop.

The banking results season was rounded off by Citicorp, unchanged at $44⅞, and Bankers Trust, $⅛ off at $65⅞, both on first-quarter figures.

Pharmaceuticals remained firm, led by Merck, $¼ up at $103, and Upjohn, $2¼ better at $80½, both on results. Pfizer, $⅝ higher at $43¼, continued to respond to trading figures.

Uninspiring results from the chemical sector failed to upset major stocks. Du Pont held unchanged at $54¾ after warning of a charge against earnings.

Takeover issues were active. Strong hopes that Mr Ted Turner will bid drove stock in CBS ahead by $6 to $115¼. But opposition is growing in corporate boardrooms to the takeover predators. There was huge turnover in Unocal stock, $⅝ off at $46⅞, as the directors unveiled their strategy for fighting off Mr T. Boone Pickens.

In the credit market, Fed funds eased to 8¼ per cent, and the Federal Reserve helped the short end by buying all bill maturities. Treasury bill rates fell by four to 10 basis points, and there were falls of about 10 basis points throughout the range of banking CDs.

The bond market began to move forward at midsession, and gains of nearly ½ point were scattered throughout the maturity range.

LONDON

Base rates centre of attention

INVESTMENT confidence in London faltered yesterday after authorities continued to resist pressures for an immediate reduction in UK interest rates. The FT Ordinary index ended 2.5 higher at 979.5.

Gilts briefly enjoyed good turnover, but volume contracted later in the session as investors decided to wait for more positive news on base lending rates.

Stores attracted interest as takeover speculation thrived after Associated Dairies' merger with MFI. The former lost 10p to 154p and the latter 20p to 283p.

Chief price changes, Page 34; Details, Page 35; Share information service, Pages 36–37

AUSTRALIA

HIGHER international gold prices sent the sector soaring in a firmer Sydney, and the gold index put on 50.1 to 973.5. Resource stocks were also aided by an easier Australian dollar and improved commodity prices.

Woodside Petroleum's directors said the takeover document issued by BHP and Shell Australia did not comply with the takeover code and recommended shareholders not to sell as the offered price underestimates the value of the company. Woodside added 1 cent to A$1.60 and BHP 4 cents to A$6.48.

Among golds, Central Norseman was 50 cents ahead at A$8.70 and GMK 44 cents at A$9.80. CRA added 10 cents to A$6.40.

Banks were little changed, with ANZ and National steady at A$4.60 and A$3.48 respectively while Westpac rose 1 cent to A$3.49.

HONG KONG

STRONG advances were seen across the board in Hong Kong with heavily traded property shares highlighting the upward trend. The Hang Seng index put on 15.86 to 1,521.30.

Cheung Kong gained 20 cents to HK$16.20, Sun Hung Kai Properties was up a similar amount at HK$10.60 and Hongkong Land added 15 cents to HK$5.60.

In banks, Hongkong and Shanghai was 20 cents ahead at HK$9.35, Hang Seng 50 cents up at HK$4.50, while Overseas Trust lost 2 cents to HK$3.25.

SINGAPORE

A PARTIAL recovery in Singapore left prices unchanged to marginally higher and the Straits Times index 3.13 firmer at 749.49.

Properties, plantations and banks ended narrowly mixed. DBS gained 5 cents to S$6.15, and UOB inched up 2 cents to S$3.82 while OCBC slipped 5 cents to S$9.

Blue chips performed well, with Genting 10 cents ahead at S$5.75 and Fraser & Neave 5 cents firmer at S$5.05.

Stocks to ease included Cold Storage, off 11 cents at S$2.58, and National Iron, 4 cents lower at S$2.86.

SOUTH AFRICA

SLIGHT profit-taking pared the previous day's sharp gains in Johannesburg's gold sector. However, industrials continued firmer.

Both Dreifontein and Buffels shed 75 cents to R55.25 and R87.75 respectively. Anglo American Gold suffered a heavier fall, losing R1.25 to R179.75.

Mining financials tended to ease in sympathy, and Anglo American dropped 5 cents to R27.50. Diamond share De Beers also slipped, ending 15 cents lower at R10.45.

CANADA

GOLD stocks led the downturn in Toronto in line with the weakness on Wall Street.

Campbell Red Lake fell C$¼ to C$30¼, Lac Minerals dropped C$½ to C$35 and Dome Mines slipped C$⅛ to C$13⅛.

Montreal was unchanged to lower.

TOKYO

Plunge after persistent profit-taking

THE LARGEST one-day fall of the Nikkei-Dow market average was recorded in Tokyo yesterday on mounting profit-taking which focused on biotechnology-related stocks, *writes Shigeo Nishiwaki of Jiji Press.*

The index tumbled 345.45 to 12,207.28, on a volume of 391m shares, up from 363m on Monday. Declines far outpaced advances 746 to 79, with 98 issues unchanged.

The drop reflected lingering concern over precariously high prices. It also surpassed the previous record drop in September 1981, which was triggered by U.S. pundit Mr Joe Granville's forecast of a nosedive on Wall Street.

Biotechnology issues slid on a wide front. Green Cross lost Y250 to Y3,170, Kagome Y100 to Y1,240 and Mochida Pharmaceutical Y500 to Y7,650.

Kawasaki Kisen topped the active list with 16.98m shares, dropping Y24 to Y200. Yamashita-Shinnihon Steamship moved down Y19 to Y145.

Mitsubishi Chemical, the second busiest with 10.48m shares traded, declined Y26 to Y474, Asahi Chemical, fourth with 10.21m, Y60 to Y865 and Yamanouchi Pharmaceutical Y410 to Y3,700.

Giant-capital chemicals and non-ferrous metals also weakened almost across the board. Sumitomo Chemical slumped Y8 to Y218, Mitsui Mining and Smelting Y35 to Y554 and Sumitomo Metal Mining Y70 to Y1,750.

Among blue chips, Hitachi plummeted Y13 to Y799, falling below Y800 for the first time in about nine months. Sony fell Y60 to Y4,250 and TDK Y120 to Y5,300.

Moving against the tend, Mitsubishi Steel rose Y10 to Y675, Meidensha gained Y14 to Y569 and Sanraku-Ocean Y40 to Y909.

The bond market eased as a result of sales by a city bank and an agriculture and forestry financial institution, as well as the dive in equity prices. The two groups each sold Y50bn of 10-year government issues with about nine years until maturity.

However, the yield on the benchmark 7.3 per cent government bond due in December 1993 moved up slightly to 6.630 per cent from 6.620 per cent.

Robert Cottrell adds: One British fund manager said: "The market has been sick for the past two weeks. There was a sheer absence of buyers in the morning, and the whole thing just slipped away."

He said that a succession of record highs for the Nikkei-Dow average this year had left the market "over-extended and frothy" and ready for its first major correction since last July, when it dipped to a 1984-85 low of 9,703.

Brokers say that trade friction with the U.S. has contributed to the depressed tone, with investors fearing restrictions on Japanese exports.

In addition, Tokyo analysts have been moving in recent months towards a more bearish view of the U.S. economy, seeing the balance of probability tipping towards a sharp slowdown in U.S. growth and away from a "soft landing."

EUROPE

Dual impact of weaker dollar

THE WEAKER dollar had the combined effect of forcing European equity investors to reassess positions yesterday and gave a boost to most bond markets which benefited from higher turnover levels.

Frankfurt encountered a 6-point fall in the Commerzbank index to 1,214.3 as foreign, particularly U.S., investors weighed up the implications of the now-relatively higher D-Mark share prices. The low level of trading indicated, however, that there was no large-scale sell-off.

The carry-over of corporate news from the previous session resulted in a DM 3.70 gain for Thyssen at DM 100.40 while Nixdorf eased DM 1 to DM 558.5 after its results. Metallgesellschaft surrendered some of Monday's result-inspired gains with a 50 pfg dip to DM 264.

Schering, one of the star performers of the previous day, gained a further DM 1.50 to DM 473.50 while Degussa suffered a technical decline of 40 pfg to DM 361.80.

Fresh corporate news, although not related to reporting statements, offered some relief to the subdued tone. Mannesmann's declared intention of stalking a major stake in the strife-ridden Dornier group was rewarded with a DM 1.80 rise in its share price to DM 163, taking it close to a 12-month high.

Hoechst retreated from peak areas with a DM 1.50 decline to DM 212.50 ahead of confident forecasts for 1985 fibre sales.

Other features included a DM 30 rebound for Munich Re to DM 1,250 and a DM 38 decline for Porsche at DM 1,153 ex-dividend.

The softer dollar fomented further interest in bonds, with gains of up to 30 basis points compared with Monday's rises of up to 40 points.

These more modest gains were attributed to a modicum of caution among bond investors pending a clearer trend in foreign exchange movements and likely interest rate developments in their wake. The Bundesbank sold a further DM 51.2m in paper

Amsterdam eased under dollar pressure and concern over Wall Street's direction. The ANP-CBS General index lost 0.5 to 206.9 as Royal Dutch fell a further 60 cents to Fl 201.20. Among other internationals, Philips dropped 70 cents to Fl 56.80 ahead of its plans to expand its interests in Japan. Insurer Aegon fell Fl 4 to Fl 181 amid higher profits, and Oce van der Grinten rose 20 cents to Fl 319.50 ahead of results.

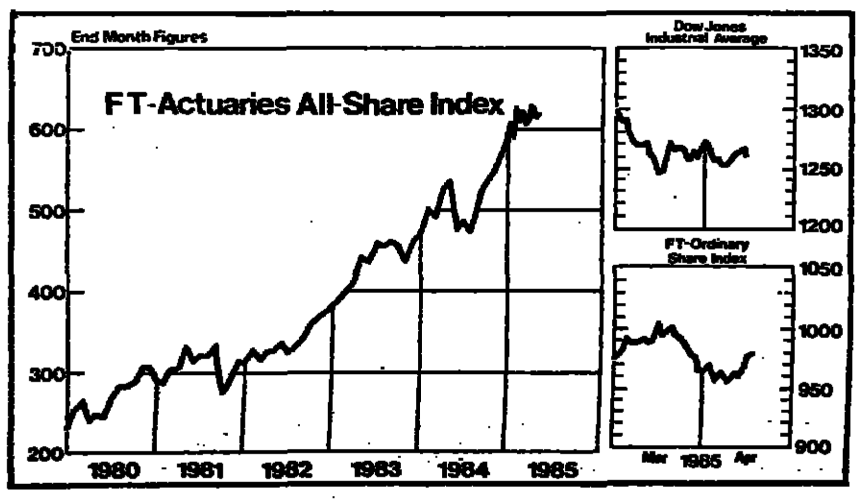
Bonds put on up to 20 basis points in reasonable turnover. A new state loan is thought possible for today with a coupon of either 8 per cent or 7.75 per cent compared with the 8.25 per cent issue a month ago.

Insurers featured in a lightly mixed **Zurich** refreshed after Monday's holiday. Winterthur picked up SwFr 50 to SwFr 3,900 while Zurich Insurance advanced SwFr 400 to SwFr 22,300, a new high for the year. Swiss Re also hit a new peak with a SwFr 100 rally to SwFr 10,450. Other financials were buoyed by firm foreign support.

Selective profit-taking forced a mixed finish in **Milan** while **Brussels** edged lower.

Paris continued to suffer a technical downturn after recent peaks, and **Madrid** reversed five consecutive days of decline with a small rise. Blue chips led the retreat in an easier **Stockholm.**

KEY MARKET MONITORS



STOCK MARKET INDICES

	April 16	Previous	Year ago
NEW YORK			
DJ Industrials	1,262.26*	1,266.78	1,160.28
DJ Transport	594.66*	599.31	501.95
DJ Utilities	155.88*	156.34	125.00
S&P Composite	180.72*	180.92	158.32
LONDON			
FT Ord	979.5	977.0	879.8
FT-SE 100	1,290.8	1,288.5	1,105.9
FT-A All-share	620.64	620.05	524.02
FT-A 500	682.28	681.57	567.06
FT Gold mines	535.5	536.9	673.3
FT-A Long gilt	10.46	10.45	10.23
TOKYO			
Nikkei-Dow	12,207.28	12,552.73	11,019.6
Tokyo SE	954.20	977.16	864.08
AUSTRALIA			
All Ord.	858.5	857.8	764.5
Metals & Mins.	562.9	557.6	545.7
AUSTRIA			
Credit Aktien	74.97	75.19	55.05
BELGIUM			
Belgian SE	2,233.97	2,254.5	–
CANADA			
Toronto			
Metals & Minls	2,051.6 *	2,057.6	2,217.0
Composite	2,627.4 *	2,629.7	2,330.2
Montreal			
Portfolio	129.29*	129.69	113.31
DENMARK			
Copenhagen SE	189.22	190.65	188.25
FRANCE			
CAC Gen	214.8	218.7	170.8
Ind. Tendence	117.3	120.0	89.9
WEST GERMANY			
FAZ-Aktien	419.84	422.46	349.78
Commerzbank	1,214.3	1,220.3	1,025.9
HONG KONG			
Hang Seng	1,521.30	1,505.44	1,075.48
ITALY			
Banca Comm.	272.46	272.21	213.14
NETHERLANDS			
ANP-CBS Gen	206.90	207.04	160.7
ANP-CBS Ind	166.1	166.1	128.3
NORWAY			
Oslo SE	306.93	306.54	279.2
SINGAPORE			
Straits Times	794.30	791.17	1,000.55
SOUTH AFRICA			
Golds	n/a	1,137.4	1,022.0
Industrials	n/a	878.2	1,052.5
SPAIN			
Madrid SE	109.43	109.09	82.72
SWEDEN			
J & P	1,419.43	1,423.85	1,506.02
SWITZERLAND			
Swiss Bank Ind	418.3	418.3	372.4
WORLD	Apr 15	Prev	Year ago
Capital Int'l	204.6	203.2	188.3

GOLD (per ounce)

	Apr 16	Prev
London	$326.25	$333.00
Zürich	$329.00	$330.75
Paris (fixing)	$331.44	$334.98
Luxembourg	$332.25	$329.15
New York (June)	$330.80	$333.20

* *Latest available figure*

CURRENCIES

(London)	U.S. DOLLAR Apr 16	U.S. DOLLAR Previous	STERLING Apr 16	STERLING Previous
$	–	–	1.275	1.275
DM	3.03	3.025	3.8575	3.8575
Yen	249.5	249.9	318.0	319.0
FFr	9.2475	9.23	11.7825	11.78
SwFr	2.5295	2.5255	3.215	3.22
Guilder	3.4295	3.4255	4.365	4.36
Lira	1,936.5	1,930.0	2,467.0	2,460.0
BFr	61.05	60.9	77.8	77.85
C$	1.359	1.3623	1.7325	1.7365

INTEREST RATES

	Apr 16	Prev
Euro-currencies (3-month offered rate)		
£	12½	12 9/16
SwFr	5 5/16	5½
DM	5⅞	6
FFr	10⅜	10⅜
FT London Interbank fixing (offered rate)		
3-month U.S.$	8¾	8 13/16
6-month U.S.$	9	9⅛
U.S. Fed Funds	8¼*	8 7/16
U.S. 3-month CDs	8.35*	8.45
U.S. 3-month T-bills	8.01*	8.06

U.S BONDS

Treasury	Apr 16* Price	Apr 16* Yield	Prev Price	Prev Yield
10⅜ 1987	101 15/32	9.878	101 7/32	10.038
11⅝ 1992	102 24/32	11.155	102 14/32	11.259
11¼ 1995	99 30/32	11.18	99 14/32	11.34
11¼ 2015	99 14/32	11.312	99 8/32	11.356
Corporate	Apr 16* Price	Apr 16* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	96⅝	11.30	96⅝	11.30
3⅜ July 1990	75	10.18	75	10.18
8⅜ May 2000	77⅞	11.95	77⅞	11.95
Xerox				
10⅞ March 1993	94⅞	11.65	94⅞	11.65
Diamond Shamrock				
10⅜ May 1993	93¾	11.85	93¾	11.85
Federated Dept Stores				
10⅞ May 2013	88.253	12.10	88.253	12.10
Abbot Lab				
11.80 Feb 2013	97.186	12.15	97.186	12.15
Alcoa				
12¼ Dec 2012	96.911	12.65	96.911	12.65

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	71–09	71–03	70–03	70–31
U.S. Treasury Bills (IMM) $1m points of 100%				
June	91.90	91.91	91.82	91.80
Certificates of Deposit (IMM) $1m points of 100%				
June	91.26	91.30	91.12	91.16
LONDON				
Three-month Eurodollar $1m points of 100%				
June	90.92	90.95	90.82	90.77
20-year Notional Gilt £50,000 32nds of 100%				
June	107–16	107–26	107–11	107–19

COMMODITIES

(London)	Apr 16	Prev
Silver (spot fixing)	517.15p	526.30p
Copper (cash)	£1,199.00	£2,203.50
Coffee (May)	£2,051.50	£2,031.00
Oil (spot Arabian light)	$27.65	$27.70

Prices at 3pm, April 16

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
23½	16⅛	AAR	.48	2.6	14	204	18⅝	18¼	18¼	−½
19¾	9⅜	AGS			9	30	12⅜	11⅞	12⅞	+¼
18⅛	10	AMCA				13	10⅞	10⅝	10⅝	−⅜
21	13½	AMF	.50	2.5	44	3481	20	19¾	20	
43¼	24¼	AMR			10	2509	42⅛	41¼	41⅝	−⅜
20½	16⅝	AMR pf2.18		11.		13	20½	20⅜	20½	+⅛
25⅞	22⅞	ANR pf2.67		11.		8	24⅝	24⅝	24⅝	+⅜
14¼	8½	APL			42	34	9⅞	9¾	9¾	+¼
67¼	44⅜	ASA		2	37	602	54	52¾	53⅝	−⅝
27	16	AVX	.32	1.9	10	372	16⅞	16⅝	16⅞	
54	36¾	AbtLab 1.40		2.7	15	2200	51¼	50⅝	51⅛	+⅜
25⅞	16¾	AccoWd.44		2.0	18	64	22½	22¼	22¼	−¼
22	12½	AcmeC .40		2.9		30	14	13¾	13¾	−¼
10½	8¼	AcmeE.32b		3.7	11	41	8¾	8½	8¾	+½
17⅜	15	AdaEx 2.11e		13.		53	16¾	16½	16⅝	−⅛
20	11⅞	AdmMl .32		1.7	7	12	18⅝	18⅝	18⅝	
19½	8⅝	AdvSys.53t		5.3	16	49	10	9¾	10	
41⅛	25⅛	AMD			13	2264	30⅞	30½	30¾	
12¾	6⅞	Advest .12		1.3		193	9⅛	8¾	9	+⅛
14⅝	8¾	Aerflex			12	29	12¼	12	12¼	+¼
42⅝	27¼	AetnLf 2.64		6.6	38	2403	40⅜	40	40¼	−⅛
35	15¾	Ahmns 1.20		3.5	20	486	34⅝	34¼	34¼	
4⅛	2½	Aileen			20	5	2⅝	2⅝	2⅝	−⅛
51	38⅝	AirPrd 1.20		2.5	11	545	48⅝	48⅜	48½	−⅛
24⅜	13	AirbFrt .60		3.2	10	117	19¾	19	19	−⅝
2	1	AlMoa s			23	152	1¾	1⅝	1⅝	−⅛
32	26¾	AlaP pfA3.92		12.		10	31½	31	31½	+⅜
7½	6	AlaP dpf.87		12.		5	7⅜	7⅜	7⅜	

Continued on Page 31

AMERICAN STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, April 16

Continued on Page 32

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued from Page 30

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
46¼	33¼	Xerox	3	6.6	18	3584	45⅞	45⅜	45¾	+1
52	45¼	Xerox pf5.45		11		2	51½	51½	51½	+
30	24	ZaleCp 1.32		5.0	8	271	27⅛	26¼	26¼	−1
23⅛	19¼	ZalepfA 80		3.8		2	21	21	21	−1
24⅞	13⅜	Zapata	84	5.5	18	559	15¼	15⅛	15¼	−
58	30	Zayre	40b	.7	14	159	56¾	55¾	56⅝	+
31¼	18⅛	ZenithE			7	143	21¼	20⅞	20⅞	−
21⅞	14⅜	Zero	s		17	15	18⅝	18⅜	18½	
31⅜	21⅜	Zurnin 1.32		4.5	11	246	29⅝	29⅛	29⅛	−½

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

WORLD STOCK MARKETS

AUSTRIA

Apr. 16	Price Schg	+ or −
Creditanstalt	285	−5
Goesse	427	+1
Interunfall	680	−45
Laenderbank	873	.....
Perlmooser	387	+2
Steyr-Daimler	162	−7
Veitscher Mag	395	−7

BELGIUM/LUXEMBOURG

Apr. 16	Price Frs.	+ or −
B.B.L.	1,900	−10
Banq. Int. A. Lux	6,150	.....
Bekaert B.	6,930	.....
Ciment CBR	2,485	−20
Cockerill	221	−9
Delhaize	7,710	−40
EBES	3,135	+10
Electrobel	6,500	−20
Fabrique Nat	2,000	+30
GB Inno BM	3,205	+10
GBL (Brux)	1,940	−30
Gevaert	3,800	−20
Hoboken	6,600	−70
Intercom	2,230	−40
Kredietbank	8,190	−60
Pan Hldgs.	11,000	.....
Petrofina	6,850	+20
Royale Belge	12,000	.....
Soc. Gen. Banq	3,300	−35
Soc. Gen. Belge	1,930	−10
Sofina	7,350	−50
Solvay	4,140	−50
Stanwick Intl.	1,590	−10
Tractionel	3,995	−5
UCB	5,200	−50
Wagon Lits	2,850	+50

DENMARK

Apr. 16	Price Knr %	+ or −
Andelsbanken	294	−1
Baltic Skand	565	+20
CopHandelsbank	309	−8
D. Sukkerfab	870	−5
Danske Bank	298	−5
De Danske Luft	1,216	.....
East Asiatic	225	+1
Forenede Brygg.	1,000	.....
Forenede Damp.	134	−3
GNT Hldg	443	.....
I.S.S.B.	486	.....
Jyske Band	630	−25
Novo Ind	1,475	−15
Privatbanken	278	−9
Provinsbanken	334	+2
Smidth (F)	240	.....
Sophus Berend	1,070	+5
Superfos	463	−2

FRANCE

Apr. 16	Price Frs.	+ or −
Emprunt 4½% 1975	1756	+27.9
Emprunt 7% 1975	8422	−27
Accor	270	−6.5
Air Liquid	625	−10
BIC	524	−24
Bongrain	1,902	−28
Bouygues	646	−14
BSN Gervais	2,480	−45
CIT-Alcatel	1,370	−10
Carrefour	2,155	−35
Club Mediter'n	1,158	−12
Cie Bancaire	645	−1
Cofimeg	293	−3
Damart	2,210	−50
Darty	1,280	−61
Dumex S.A.	625	−25
Eaux (Cie Gen)	618	−25
Elf-Aquitaine	239	−7.2
Essilor	3,040	−10
Gen. Occidentale	683	−9
Imetal	108.5	−3.8
Lafarge Coppee	495	+1.4
L'Oreal	2,475	−4.5
Legrand	2,160	−34
Maisons Phenix	225.2	−7.8
Matra S.A.	1,751	−79
Michelin B	939	−19
Midi (Cie)	2,175	−55
Moet-Hennessy	1,880	.....
Moulinex	110	−2.5
Nord Est	90.2	−1.7
Pernod Ricard	704	−20
Perrier	488.1	−15.9
Petroles Fra	257	−4.5
Peugeot S.A.	333.4	−4.4
Printempt.Aus	235	−5
Radiotech	297	−4
Redote	1,341	−64
Rousul-Uclaf	1,715	−75
Sefimeg	550	−5
SkisRossgnol	1,850	−50
Telemech Elect	2,550	−45
Thomson CSF	569	−20
Valeo	234.9	−0.2

GERMANY

Apr. 16	Price Dm.	+ or −
AEG-Telef	109.9	−0.2
Allianz Vers	1166xr	−7
BASF	203.4	−1.6
Bayer	211.3	−1.9
Bayer-Hypo	354	−1
Bayer-Verein	344	+2
BHF-Bank	285	+1
BMW	375.5	−0.5
Brown Boveri	212	−1.2
Commerzbank	172.3	+0.3
Cont'l. Gummi	138	−1.2
Daimler-Benz	661.5	−2
Degussa	361.8	−0.4
D'sche Babcock	166	−1
Deutsche Bank	473.7	+2.7
Dresdner Bank	206.5xr	+0.8
GHH	155.2	−0.8
Hochtief	476	+1
Hoechst	212.5	−1.5
Hoesch Werke	110.5	+0.5
Holzmann (P)	409.5	−2.5
Horten	170	−1
Hussel	287	−7
Karstadt	213	−2
Kaufhof	228	−1
KHD	249xr	+2
Kloeckner	72.4	+0.8
Linde	418	.....
Lufthansa	193	−2
MAN	151	−3
Mannesmann	163	+1.8
Mercedes Hld	576	−5
Metallgesel	264	−0.5
Munech Rueck	1250	+30
Nixdorf	558.5	−1
Porsche	1153xd	−38
Preussag	275.5	−0.5
Rhein West Elect	157.9	+0.6
Rosenthal	241	.....
Schering	473.5	+1.5
Siemens	540xd	−0.5
Thyssen	100.4	+3.7
Varta	183	+2
Veba	184.3	−2
V.E.W.	128.1	+0.6
Verein-West	320	.....
Volkswagen	203.5	−1.7

ITALY

Apr. 16	Price Lira	+ or −
Banco Com'le.	16,900	−100
Bastogi-IRBS	188.7	−6.5
B.I-invest	3,420	−50
Centrale	3,137	−73
Credito Varesino	3,901	+4
Fiat	2,960	+25
Finsider	87	.....
Generali Assicur.	42,380	+720
Italcementi	83,850	+950
La Rinascenti	659.5	+1.5
Montedisin	1,514	−6
Olivetti	6,235	+20
Pirelli Co	4,250	+124
Pirelli Spa	2,210	+10
Snia BPD	2,795	+19
Toro Assic	13,910	.....
do Pref	9,951	−149

NETHERLANDS

Apr. 16	Price Fls	+ or −
ACF Holding	200	.....
AEGON	182	4
Ahold	229.5	+3.5
AKZO	113.5	−0.7
ABN	416	−2
AMEV	219.6	+2.1
AMRO	76.6	+0.1
Bredero Cert	159.5	−0.5
Bos Kalis Westm.	17.0	−0.9
Buehrmonn-Tet.	91	−1
Calland Hldgs.	34.2	+0.6
Dordtsche Pet'm	181.5	.....
Elsevier NDU	117.8	+1.5
Fokker	104.8	+1.1
Gist Broades	186.7	+0.5
Heineken	155.3	−0.5
Hoogovens	60.8	−0.2
Int Mueller	52	+0.1
KLM	61.3	+0.3
Naarden	48.5	+1
Nat Ned Celt	70.9	+0.1
Ned M'd Bank	173.5	+1
Nedlloyd	178.8	−1
Oce Grinten	319.5	+0.2
Ommeren (Van)	30.6	−0.5
Pakhoed	66.8	−1.7
Philips	56.8	−0.7
Robeco	71.6	−0.5
Rodamco	137.5	−0.5
Rolince	66.8	−0.5
Rorento	44.1	0.2
Royal Dutch	201.2	−0.6
Unilever	349	−0.5
VMF Stork	156.3	+2.3
VNU	211.5	−0.5
West Utr Bank	104.4	.....

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Apr. 16	Price Kroner	+ or −
Bergens Bank	142	+0.5
Borregaard	355	−2.5
Christiania Bank	141.5	−0.5
DenNorske Cred	150	+2.5
Elkem	138.5	+0.5
Kvaerner	165	+3
Norsk Data	397.5	+0.5
Norsk Hydro	108.5	+1.5
Storebrand	238	.....

SPAIN

Apr. 16	Price Pta%	+ or −
Bco Bilbao	335	.....
Bco Central	315	.....
Bco Exterior	200	.....
Bco Hispano	163	+2
Bco Popular	365	.....
Bco Santander	344	+2
Dragados	166.5	+2.5
Hidrola	81.5	+1
Iberduero	94.2	+2.2
Petroleos	149	+2
Telefonica	125	.....

SWEDEN

Apr. 16	Price Kronor	+ or −
AGA	390	.....
Alfa-Laval	195	−2
ASEA (Free)	315	.....
Astra (Free)	405	−5
Atlas Copco	116	−1
Cardo (Free)	355	−2
Cellulosa	119	−1
Electrolux B	318	−1
Ericsson	283	−2
Esselte	340	−10
Mo och Domsjo	236	−1
Pharmacia	202	−2
Saab Scania Free	446	.....
Sandvik	400	.....
Skandia	332	−3
Skan Enski'da	50	−1
SKF	198	−17
St Kopparbergs	136	.....
Sven Handlesbn.	163	−2
Swelvosh Match	220	+1
Volvo B (Free)	272	−5

SWITZERLAND

Apr. 16	Price Frs.	+ or −
Alusuisse	830	−5
Bank Leu	3,560	+10
Brown Boveri	1,635	+5
Ciba Geigy	2,845	.....
do. (Part Certs)	2,300	.....
Credit Suisse	2,430	.....
Elektrowatt	2,885	+5
Fisher (Geo.)	710	−2
Hoff-Roche PtCts	86,875	+125
Hoff-Roche 1/10	8,675	−50
Jacobs Suchard	6,300	−60
Jelmoli	1,930	.....
Landis & Gyr	1,660	−15
Nestle	6,380	+10
Oer-Buehrle	1,450	−15
Pirelli	294	−1
Sandoz (Br)	7,875	+50
Sandoz (PtCts)	1,305	−20
Schindler (Pt Cts)	770	−10
Sika	1,100	−40
Surveillance	4,330	+90
Swissair	1,068	−7
Swiss Bank	357	+1
Swiss Reinsce	10,450	+100
Swiss Volksbk	1,425	+5
Union Bank	3,720	+10
Winterthur	3,900	+50
Zurich Ins	22,300	+400

AUSTRALIA

Apr. 16	Price Aust $	+ or −
ANZ Group	4.60	.....
Alliance Oil Dev.	1.07	+0.01
Ampol Pet	1.85	−0.02
Ashton	0.94	−0.01
Aust. Cons. Ind	2.14	+0.02
Aust. Guarantee	2.4	.....
Aust. Nat. Inds	2.8	−0.05
Aust. Paper	2.6	.....
Bell Group	6.84	.....
Bell Res	7.1	.....
Bond Corp Hldgs	1.46	−0.02
Boral	3.2	−0.02
Bougainville	2.5	+0.05
Brambles Inds	3.75	−0.07
Bridge Oil	2.55	+0.05
B.H. Prop	6.48	+0.04
CRA	6.4	+0.1
CSR	3.05	−0.01
Castlemaine Tys.	4.72	+0.02
Coles (G.J.)	3.8	.....
Comalco "A"	2.75	−0.05
Consolidated Pet	0.43	−0.02
Costain Aust.	1.75	+0.1
Dunlop Olympic	2.19	−0.05
Elders IXL	3.14	..
Energ Res	1.45	.....

AUSTRALIA (continued)

Apr. 16	Price Aust. $	+ or −
Gen. Prop. Trust	2.15	−0.02
Hardie James	3.1	.....
Hartogen Energy	2.80	.....
Herald W'yTimes	4.35	.....
ICI Aust.	1.9	−0.05
Jimberlana F.P.	0.32	.....
Kia Ora Gold	0.19	−0.02
Lend Lease	6.30	.....
MIM	3.30	.....
Mayne Nickless	3.20	.....
Myer Emporium	1.82	.....
Nat. Aust. Bank	3.48	.....
News	7.3xc	−0.1
Nicholas Kiwi	1.95	.....
North Bkn Hill	2.72	+0.06
Oakbridge	0.93	−0.02
Pancont'l	1.72	−0.03
Pioneer Conc	1.87	−0.07
Poseidon	4.75	+0.15
Queensland Coal	1.58	+0.03
Reckitt & Coln	3.4	−0.02
Repco	1.17	−0.03
Santos	6.4	+0.1
Smith (Howard)	4.5	.....
Thos. Natwide	1.92	+0.02
Tooth	5.8	.....
Vamgas	4.25	−0.05
Western Mining	4.25	+0.05
Westpac Bank	3.49	+0.01
Woodside Petrol	1.6	+0.01
Woolworths	3.12	.....
Wormald Intl.	3.58	+0.02

HONG KONG

Apr. 16	Price H.K. $	+ or −
Bank East Asia	23.5	+0.1
Cheung Kong	16.2	+0.2
China Light	15.3	+0.1
Evergo	1.16	.....
Hang Seng Bank	45	+0.5
HK Electric	8.05	+0.25
HK Kowloon Wh.	6.2	.....
HK Land	5.6	+0.15
HK Shanghai BK.	9.35	+0.2
HK Telephone	73	−1
Hutchinson Wpa	23.9	.....
Jardine Math	11.6	+0.1
New World Dev.	6.7	+0.1
Orient O'seas	2.25	.....
Oseas Trust Bk	3.25	−0.02
SHK Props	10.6	+0.2
Shell Elect	1.6	+0.18
Swire Pac A	24.5	+0.3
TV—B	6.1	−0.05
Wheel'k Mard A.	7.3	+0.05
Wheel'k M'time	1.10	.....
World Int. Hldns.	2.07	−0.05

JAPAN

Apr. 16	Price Yen	+ or −
Ajisomoto	1,100	−20
Alps Electric	1,770	−90
Amada	1,020	−30
Asahi Chem	865	−60
Asahi Glass	870	−18
Bridgestone	518	.....
Canon	1,200	−50
Casio Comp	1,630	−40
Chugai Pharm	1,100	−120
Citizen	518	−15
Daiei	636	+1
Dai Nippon Ptg	980	−30
Daiwa House	532	−18
Ebara	455	.....
Eisai	1,590	−100
Fanuc	8600xr	−180
Fuji Bank	1,500	−60
Fuji Film	1,700	.....
Fujisawa	1,050	−70
Fujitsu	1,060	−20
Green Cross	3,170	−250
Hasegawa	379	−1
Heiwa Real Est	806	−44
Hitachi	799	−13
Hitachi Credit	1,060	−30
Honda	1,300	−10
House Food	705	−2
Hoya	2,100	−70
Itoh (C)	350	−9
Ito. Yokado	2,730	−60
Iwatsu	961	−19
JACCS	320	.....
JAL	5,730	−410
Jusco	735	−7
Kajima	285	−1
Kao Soap	761	−38
Kashiyama	604	−8
Kirin	592	−27
Kokuyo	890	.....
Komatsu	439	−2
Konishiroku	640	−8
Kubota	339	−2
Kumagai	560	−21
Kyoto Ceramic	5,190	−220
Maeda Const	500	+14
Makino Milling	1,160	−40
Myakita	980	−10
Marubeni	307	−10
Marudai	570	−5
Marui	1,080	−30
MEI	1,400	−10
M'ta Elec Works	711	−30
M'bishi Bank	1,520	−10
M'bishi	520	−5
M'bishi Elect	395	−1
M'bishi Estate	605	−13

JAPAN (continued)

Apr. 16	Price Yen	+ or −
MHI	253	−9
Mitsui	330	−5
Mitsui Estate	645xc	−5
Mitsukoshi	460	−15
NGK Insulators	923xc	−2
Nihon Cement	248	−7
Nippon Denso	1,280	−30
Nippon Elect	1,040	−20
Nippon Express	351	−14
Nippon Gakki	1,760	−130
Nippon Kokan	134	−2
Nippon Oil	855xc	−34
Nippon Seiko	605	−3
Nippon Shimpan	575	−5
Nippon Steel	149	.....
Nippon Suisan	344	−4
NTV	10000xc	−10
Nippon Yusen	238xc	−4
Nissan Motor	655	−2
Nisshin Flour	491	−20
Nisshin Steel	162	−4
Nomura	1,060	−40
Olympus	1,090	−30
Orient Leasing	2,850	−50
Pioneer	2,420	+40
Renown	626	−3
Ricoh	863	−22
Sankyo	1,240	−130
Sanyo Elect	445	−4
Sapporo	423	−8
Sekisui Prefab	571	−19
Seven-Eleven	9,370	−70
Sharp	975	−5
Shimadzu	695xc	−14
Shionogi	705xc	−12
Shiseido	1,130	−50
Sony	4,250	−60
Stanley	904	−1
S'tomo Bank	1,620	−50
S'tomo Elect	861	−19
S'tomo Marine	620	−10
S'tomo Metal	145	−5
Taihei Dengyo	499	+19
Taisei Corp.	209	−5
Taisho Pharm	1,280	−120
Takeda	905	−40
TDK	5,300	−220
Teijin	437	−21
Teikoku	705	−10
Tokyo Marine	819	−23
TBS	765	+4
Tokyo Elect Pwr	1,640	−50
Tokyo Gas	177	−5
Tokyo Sanyo	709	−10
Tokyo Style	720	−10
Tokyu Corp	346	−13
Toppan Print	870	−13
Toray	460	−21
Toshiba Elect	391	.....
TOTO	645	+4
Toyo Seikan	870	−13
Toyota Motor	1,200	−30
Victor	1,970	−10
Wacoal	721	−9
Yamaha	726	−49
Yamanouchi	3,700	−410
Yamazaki	647	−13
Yasuda Fire	443	−24
Yokogawa Bdge.	429	.....

SINGAPORE

Apr. 16	Price $	+ or −
Boustead Hldgs.	1.69	−0.02
Cold Storage	2.58	−0.11
DBS	6.15	+0.05
Genting	5.75	+0.1
Haw Par. Bros.	2.18	+0.06
Hong Leong Fin.	2.9	.....
Inchcape Bhd.	2.43	.....
Keppel Shipyard	1.44	+0.05
Malay Banking	5.75	.....
Malay Utd. Ind	2.33	−0.05
Multi Purpose	0.85	.....
OCBC	9.0	−0.05
OUB	3.82	−0.02
Public Bank	1.43	+0.01
Sime Darby	1.9	+0.01
Singapore Press	6.35	+0.05
Straits Trdg.	4.26	+0.02
Tat Lee Bk	2.74	.....
UOB	4.36	+0.02

SOUTH AFRICA

Apr. 16	Price Rand	+ or −
Abercom	1.55	.....
AE&CI	8.25	.....
Allied Tech	56.5	.....
Anglo Am Coal	40	.....
Anglo Am Corp	27.5	−0.5
Anglo Am Gold	179.75	−1.25
Barclays Bank	15.75	+0.25
Barlow Rand	11.5	−0.1
Buffels	87.75	−0.75
CNA Gallo	2.5	.....
Currie Finance	3.75	−0.75
De Beers	10.45	−0.15
Driefontein	55.25	−0.75
FS Geduld	58.5	−0.5
Gold Fields SA	54	.....
Highveld Steel	3.95	−0.05
Nedbank	11.3	+0.7
OK Bazaars	13.5	+0.1
Protea Hldgs.	1.45	.....
Rembrandt	36	+0.25
Rust Plat	17.75	.....
Safren	15.5	−0.5
Sage Hldgs	7.7	+0.2
SA Brews	7.2	+0.1
Smith (AC)	23	+1
Tongaat Hulet	7.00	.....
Unisec	5.50	+0.25

OVER-THE-COUNTER

Nasdaq national market, 2pm prices

Stock	Sales (Hunds)	High	Low	Last	Chng
[illegible]					

Continued on Page 33

CANADA

TORONTO

Prices at 1.30pm April 16

Sales	Stock	High	Low	Close	Chng
[illegible]					

AMERICAN STOCK EXCHANGE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued from Page 31

Indices

NEW YORK-DOW JONES

	April 16	April 15	April 12	April 11	April 10	April 9	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,280.82*	1,286.78	1,285.88	1,283.85	1,259.84	1,253.88	1292.38 (1/3)	1184.96 (4/1)	1292.38 (1/3/85)	41.22 (2/7/32)
Transport	595.44*	599.31	598.21	588.85	593.11	588.88	635.38 (1/3)	553.03 (4/1)	635.38 (1/3/85)	12.32 (8/7/32)
Utilities	155.52*	156.34	156.88	155.72	135.90	154.34	156.34 (15/4)	149.54 (4/1)	163.72 (20/4/69)	10.5 (28/4/42)
Trading vol		80m	86m	108m	108m	83m	–	–	–	–

	Apr 12	Mar 29	Mar 22	Year Ago (Approx)
Ind Div Yield %	4.82	4.82	4.82	4.74

STANDARD AND POORS

	April 16	April 15	April 12	April 11	April 10	April 9	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	200.65*	201.52	201.16	200.72	199.94	198.88	205.15 (1/3)	182.24 (4/1)	205.15 (1/3/85)	3.52 (30/6/32)
Composite	180.23*	180.92	180.54	180.19	179.42	179.21	183.35 (13/2)	163.68 (4/1)	183.35 (13/2/85)	4.40 (1/6/32)

	March 27	March 20	March 13	Year Ago (Approx)
Ind div yield %	3.88	3.88	3.80	3.87
Ind. P/E Ratio	11.14	11.11	11.86	12.25
Long Gov Bond Yield	11.77	11.84	11.83	12.37

N.Y.S.E. ALL COMMON

April 16	April 15	April 12	April 11	1985 High	1985 Low
104.53*	104.87	104.64	104.43	106.06 (13/2)	94.60 (4/1)

RISES AND FALLS

	April 16	April 15	April 12
Issues traded		1,973	1,983
Rises		861	801
Falls		641	684
Unchanged		471	498

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day
Uncal CP	3,539,700	48⅞	– ⅞
Phillips Pet	1,347,300	39⅝	unch
Uniroyal	1,065,700	20⅞	+ ⅛
ATT	822,900	20⅝	– ⅜
Tenneco	798,100	43¼	– ⅛
CBS	702,500	115⅞	+8⅞
Mohawk Dat	662,500	4	unch
IBM	657,900	129⅛	– ⅛
Pfizer	638,800	43¼	+ ⅜
Mer Lynch	596,700	30	– ⅛

Advances 813 Declines 628

TORONTO	April 16	April 15	April 12	April 11	1985 High	1985 Low
Metals & Minls	2,051.6*	2,057.5	2,046.5	2,071.4	2190.7 (13/2)	1896.9 (4/1)
Composite	2,627.4*	2,629.7	2,628.8	2,630.5	2647.8 (5/3)	2348.5 (3/1)
MONTREAL Portfolio	129.28*	129.69	129.28	129.57	132.77 (5/3)	117.89 (4/1)

* Indicates pre-close figure

	April 16	Apr. 15	Apr. 12	Apr. 11	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	858.5	857.8	864.0	865.5	864.8 (12/4)	715.5 (7/1)
Metals & Minls. (1/1/80)	562.9	557.6	561.1	558.7	562.9 (16/4)	395.6 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	74.97	75.19	75.76	75.21	75.76 (12/4)	58.21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	2235.97	2254.58	2258.94	2262.82	2510.85 (15/3)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	189.22	190.66	190.80	186.93	190.80 (12/4)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	214.8	216.7	220.0	218.2	220.0 (12/4)	180.9 (3/1)
Ind Tendance (28/12/84)	117.3	120.0	120.6	120.1	120.6 (12/4)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	419.84	422.46	418.78	416.2	425.56 (21/3)	382.39 (3/1)
Commerzbank (1/12/53)	1214.5	1220.3	1211.7	1202.5	1228.3 (21/3)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1521.58	1505.44	1492.18	1483.38	1521.58 (16/4)	1228.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	272.46	272.21	272.45	274.28	288.71 (20/2)	228.56 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12207.5	12552.73	12588.01	12573.8	12665.3 (5/4)	11545.2 (5/1)
Tokyo SE New (4/1/68)	954.20	977.16	981.52	982.26	1008.96 (22/3)	916.85 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	206.9	207.4	206.2	205.6	209.7 (13/3)	185.6 (3/1)
ANP-CBS Indust (1970)	166.1	166.1	164.8	164.4	166.8 (22/3)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	306.93	306.94	308.55	310.78	345.6 (8/2)	288.19 (2/1)
SINGAPORE						
Straits Times (1966)	794.38	791.17	808.25	805.85	852.85 (7/3)	784.38 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	–	1137.4	1113.2	1126.8	1137.4 (15/4)	860.1 (11/2)
JSE Indust (28/9/78)	–	978.2	958.2	941.9	978.2 (15/4)	787.5 (6/3)
SPAIN						
Madrid SE (28/12/84)	109.43	109.09	109.72	110.84	117.41 (4/2)	101.45 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1419.45	1425.85	1458.9	1428.16	1486.98 (11/2)	1381.80 (2/1)
SWITZERLAND						
SwissBank Cpn. (31/12/58)	418.3	418.3	418.7	419.4	430.8 (19/3)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	–	204.6	203.2	202.8	204.6 (15/4)	184.8 (4/1)

** Saturday April 13: Japan Nikkei-Dow (c). TSE (c).

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡400 Industrials plus 40 Utilities, 40 Financials and 20 Transport. c Closed. u Unavailable.

WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page 32

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 34

WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page 33

Stock	Div	Sales (Hnds)	High	Low	Last	Chng
Marshll	2.12	5	81	60¼	60¼	
MrldN s	1	758	26¾	25⅝	26¾	+1
Mescmp		299	6¼	6	6	
Mscoln		150	43	42⅝	43	+½
Masstor		703	5⅛	4⅝	4⅞	−¼
MainBx		15	14	13¾	13¾	
MainsS	.10	7	26¼	26¼	26¼	
Maxcre		538	27⅜	27⅜	27⅜	
Maxwel		46	13½	13	13¼	
MayPt		31	5⅛	5	5⅛	
MaySu A	.10a	68	18	17½	17¾	+⅜
MaynOf		4	3¾	3¾	3¾	
McCrm	.88	174	35	34½	34⅝	−¼
McFad		11	11¼	11¼	11¼	
McFarl		76	12¾	12⅝	12⅝	+⅛
McGrth		6	9½	9	9½	+½
Mechtr s		16	12½	12½	12½	+⅛
Medex	.05	32	9¼	9	9¼	+¼
MedCre		247	8	7⅝	7⅞	
MedclSt		5	14	14	14	−¼
MedShp		4	22	22	22	+¼
MedxGl		2	4¾	4¾	4¾	−⅛
Medpl s		57	24	24	24	+¼
Megdt s		5	6¼	6	6	
Mentor		589	19⅞	19½	19⅝	−⅛
MentrG		127	25¾	25½	25¾	+⅛
MercBc	1.92	185	36¾	36⅝	36½	+¼
MercBk	1.68	37	50½	50	50	
MerBPa	1.50	15	37	36½	37	
MerNY	1b	1	80	80	80	+2½
MerchN	1.20	37	49½	49	49	
MrdBc	2.40	2	45¾	45¾	45¾	+½
MrdB pf	2.50	1	31¼	31¼	31¼	
MeriB s		2	15⅝	15⅝	15⅝	
Merrmc		17	14½	14	14½	+½
MeryG s		373	14¾	14¼	14¾	+½
MeryLd	t	10	11	11	11	
MesbAv		25	2⅞	2¾	2⅞	+⅛
Metrbn		10	10⅞	10¾	10⅞	
MetAir s		117	13¾	13⅝	13¾	+⅛
MetrFn	.80b	211	15¼	14¾	15⅛	+⅜
Metrml		315	19⅝	19⅜	19½	−⅛
Micom		313	24¾	24¼	24½	+¼

Stock	Div	Sales (Hnds)	High	Low	Last	Chng
Nelson		140	9	8¼	8¾	+½
NwkSec		108	8⅞	8¾	8¾	
NtwkS s		x1508	21¾	21⅜	21½	
NevNBc		78	5⅜	5	5	
NBrunS		324	9⅝	8¾	9⅝	+¾

Stock	Div	Sales (Hnds)	High	Low	Last	Chng
QuestM		158	3⅝	3⅜	3⅝	+⅛
Quintel		1	8⅝	8⅝	8⅝	−⅜
Quixote		50	10	9½	9½	−½
Quotrn		610	12½	11⅞	12	−⅜

R R

Stock	Div	Sales (Hnds)	High	Low	Last	Chng
RAX		42	10	9½	9½	−¼
RJ Fin	.05e	4	9	9	9	
RLI Cp	.56	66	19¼	18¾	19	+¼
RPM s	.56	85	16½	16¼	16½	
RadSys		44	13¾	13½	13¾	+⅛

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

Redem 3% 1986-96	£74½	+ ½
Appledore (A&P)	180pm	+ 8
Barc (Nil paid)	78	+ 6
Barratt Develop	206	+ 11
Bespak	280	+ 14
Booker McConn	226	+ 14
Commercial Un	£12	+ ½
Glaxo	123	+ 8
Highland Elect	783	+ 23
ICI	164	+ 7
Lamont Hldgs	325	+ 13
NMW Computers	655	+ 25
Pentland Ind	118	+ 10
Reed (Austin) A	300	+ 18
Renison	612	+ 17
Sole Tilney	114	+ 8
Sons of Gwalia	442	+ 15
Tate & Lyle	440	+ 15
Thorn EMI	44	+ 4½
Time Products	843	+ 28
Woolworth		

FALLS

Applied Holog	200	− 15
Assoc Dairies	154	− 10
Atlantic Comp	380	− 20
Bowthorpe	385	− 50
Burmah Oil	230	− 6
Debenhams	247	− 11
Hepworth (J)	193	− 7
MFI Furniture	283	− 20
Tesco	250	− 9

Stock	Div	Sales (Hnds)	High	Low	Last	Chng
ViconF		17	2⅞	2⅞	2⅞	
Vicorp		55	25⅛	25⅛	25⅛	−⅛
VictBn	1	5	25	25	25	
VictraS		59	4¼	4	4	−⅛
Vie deFr	.22e	12	11⅞	11⅝	11⅝	+⅛
Viking		8	11	10¼	10¼	−⅛
Viratek		13	18¾	18⅝	18½	
VaBech	.08r	10	6⅝	6⅝	6⅝	−⅛
VisTech		23	1⅝	1⅝	1⅝	

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LONDON STOCK EXCHANGE

MARKET REPORT

Confidence falters as authorities resist pressures for lower interest rates

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Mar 25	Apr 11	Apr 12	Apr 22
Apr 15	Apr 25	Apr 26	May 7
Apr 29	May 9	May 10	May 20

* "New-time" dealings may take place from 9.30 am two business days earlier.

Investment confidence faltered in London stock markets yesterday after the authorities had continued to resist current financial market pressures for an immediate reduction in UK interest rates. The Bank of England provided further large-scale assistance to money markets without changing its dealing rates, thus indicating reluctance to let borrowing costs fall too quickly.

Government stocks and leading shares briefly enjoyed a good turnover, but volume contracted after the Bank's actions. Investors decided to await positive news regarding base lending rates before entering into fresh commitments and interest turned towards situation issues. The Stores sector attracted considerable business as takeover speculation thrived in the wake of Associated Dairies' merger with MFI announced on Monday. **Woolworth** and **Debenhams** were two lively counters.

Financials too provided an outstanding feature. Bid chestnut **Commercial Union** suddenly revived on talk of an imminent bid of 300p per share from either a domestic, U.S. or German group. **Barclays Bank** old and new nil-paid shares also emerged from a particularly lean spell on persistent small demand for the latter, which go fully-paid on Friday.

Selected international stocks benefited from U.S. interest overnight, including **ICI** and **Glaxo** as American investors warmed to the latter's impressive first-half profits. Sterling's early rise made scant overall impression on equity market sentiment and the FT Ordinary share index, after starting the day 5.7 up, closed a net 2.5 higher at 979.5.

Government securities were busy for the first hour of trading during which the authorities sold more stock of **Conversion** 9¼ per cent 2004 at 92¼. Interest thereafter faded and quotations were content to hold marginal gains. Sterling eventually lost its early gain against the dollar following announcement of the latest U.S. industrial production figures. These were slightly better than some pessimistic predictions.

CU bought

Talk of an imminent bid of 300p per share for perrenial takeover favourite **Commercial Union** induced heavy speculative buying of the shares which advanced strongly to touch a 1985 peak of 230p before closing 14 higher on balance at 226p. **General Accident**, suggested as being a likely predator, reacted from an initial firm level of 598p to 590p, for a fall of 2 on the day. West German concern, Allianz, also mentioned as a possible bidder for CU, closed 9½ points up at £289.

Barclays new nil-paid shares staged a useful recovery, rising 8 to 180p, after 185p, following persistent small buying; Barclays old advanced 9 to 342p, after 348p.

Leading Buildings responded afresh to interest rate optimism before drifting back on lack of follow-through support to close virtually unchanged. **Blue Circle**, however, retained a gain of 5 at 502p; the annual results are due on April 25. On the other hand, profit-taking in the wake of the preliminary figures left **Rugby Portland Cement** 5 lower at 128p, while **RMC** slipped a couple of pence to 356p awaiting today's annual figures. Among Contracting and Construction issues, **Barratt Developments** gained 6 to 78p following a broker's lunch, but **Taylor Woodrow** were finally unchanged at 375p, after 383p, the good annual results discounted. **Bellway** attracted further demand ahead of the interim figures due soon and touched 132p prior to closing just a couple of pence dearer at 126p. **Walter Lawrence** firmed 4 to 222p in reply to the good annual results and proposed two-for-one scrip issue.

ICI, a dull market recently on currency considerations, staged a moderate rally on the view that the shares were oversold and closed 13 better at 763p; the first-quarter figures are due shortly.

Woolworth buoyant

The guarded reception afforded the proposed merger prompted profit-taking in both **Associated Dairies** and **MFI Furniture**; ADG gave up 10 to 154p, while MFI dipped 20 to 283p, after 280p. In contrast, **Woolworth** attracted renewed support, reportedly reflecting a chart "buy" signal, and closed 26 better for a two-day advance of 58 at 843p. Recent takeover favourite **Debenhams** gave up 11 to 247p, after 243p, amid talk that the rumoured bid discussions had broken down; **Habitat Mothercare**, suggested as a prospective suitor, rose 8 to 352p, but **Harris Queensway**, also regarded as a likely bidder for Debenhams, encountered late offerings in front of tomorrow's annual results and settled 6 off at 192p.

A constant stream of company trading statements coupled with fresh bid speculation resulted in a steady business among second-line Stores. **Austin Reed** rose 9 to 180p, with the more widely-traded "A" shares 10 to the good at 116p, following the full-year figures, but **J. Hepworth** gave up 7 to 193p despite revealing interim profits at the top end of expectations. **Share Drug** hardened a few pence to 230p, after 238p, on the first-half results, while **I. J. Dewhirst**, full-year results due today, advanced 6 to 99p. Buyers showed fresh enthusiasm for **Dunhill**, 9 up for a two-day gain of 30 at 320p, while **Time Products** improved 4½ to 44p, and **Goldsmiths** added 6 more at 208p. Still responding to recent encouraging figures, **Church** firmed 25 further to 695p.

Stimulated by the management changes and vague talk of a bid from Philips, **Thorn EMI** dominated proceedings among the Electrical majors with another rise of 15 for a two-day gain of 30 to 440p. **GEC**, after Monday's Press-inspired gain of 8, ran out of steam and reacted from an initial higher level of 196p to 190p before closing a net penny easier at 193p. **Plessey** rose to 210p prior to settling a couple of pence cheaper on balance at 204p. Elsewhere, **Bowthorpe** plummeted 50 to 335p following gloomy reports emanating from an analysts' meeting held after announcement of the group's results. **Applied Holographics**, still reflecting the resignation of two directors, fell 15 more to 200p and the **Warrants** 20 to 160p. **Atlantic Computers** dropped 20 to 380p after comment on the results, but **Goring Kerr** moved up 15 to 635p on renewed demand in a restricted market. **Highland Electronics** gained 6 to 123p in response to the bumper half-year profits.

Interest failed to revive in the Engineering leaders, although occasional support left **GKN** 5 up at 236p. Elsewhere, **APV**, awaiting today's preliminary statement, attracted buyers and put on 7 to 242p. Support was again forthcoming for **Glynwed**, 4 to the good at 199p, while other bright spots included **Baker Perkins**, 5 higher at 195p, and **Fife Indmar**, a like amount dearer at 145p. Still reecting nationalisation compensation hopes, **Vesper** jumped 29 to 251p.

M/C 12 7½ on 8 —

The Food sector displayed several interesting movements. **Tesco** fell 9 to 250p, after 248p, on the announcement of a £145m rights issue, the proceeds of which will be used to maintain the momentum of its current development programme. By contrast, **Tate and Lyle** rose 15 to 442p following two brokers' circulars. Elsewhere, further buying interest lifted **Argyll** 11 to 298p.

Among Hotels, **Savoy A** moved up 15 to 365p and the B rose 5 points to £90 in response to the good annual results.

Glaxo improve afresh

Glaxo, reflecting comment on the bumper interim figures, improved further to close ½ higher at £12 for a two-day rise of 1¼. Other leading miscellaneous industrials rarely strayed from their previous closing levels, although **BTR** managed a gain of 5 at 680p. Elsewhere, comment on the excellent preliminary results prompted renewed demand for **Pentland Industries** which advanced to a fresh peak of 665p before profit-taking left the close 25 higher on balance at 655p. **NMW Computers** staged a noteworthy revival, advancing 13 to 325p, after 330p, on the prospects for its accounting services and Talisman facilities for stockbrokers. Demand continued for **Appledore**, up 13 further at 200p, while some recent favourites staged a revival. **Sale Tilney** rose 17 to 612p, **Courtney Pope** 15 to 350p, and **TSL Thermal Syndicate** 8 to 273p. **Booker McConnell** advanced 14 to 266p in the late dealings; the final offer from Dee Corporation closes on Friday. **Lamont**, still reflecting good preliminary figures, put on 7 further to 164p. **Siebe** rose 12 to 595p following announcement of the agreed transactions involving the disposal and leaseback of properties in the U.S. and U.K. **Bespak** met with revived demand and put on 11 to 206p, while satisfactory preliminary results left **MCD** 4 dearer at 105p.

Horizon Travel, a firm counter on Monday following news that Bass had increased its stake to 25.6 per cent, ran back 7 to 130p after the latter's assurance that it had no plans for a full bid. Buyers turned their attentions towards **Intasun**, up 6 at 132p, on thoughts that the company may now attract an offer, possibly from Grand Metropolitan, which made an approach to Horizon last August. Among other travel issues, **Owners Abroad** firmed a penny to 23p, the cheerful statement on current holiday bookings outweighing the lower annual profits.

Pineapple Dance Studios, a dull market on Monday following news that the co-founder, Mr Norris Masters, had left the company, rallied 7 to 62p in reply to reports that he expects to retain his 15 per cent stake in the company and does not intend to set up a rival operation.

Currency influences unsettled **Jaguar**, 7 off at 295p. In contrast, **AE** responded to revived support and rose 5 to record a two-day advance of 10 at 153p.

Boase Massimi Pollitt, the advertising agency, rose 20 to 705p following the annual figures and proposed 100 per cent scrip issue.

Lasmo lose ground

Leading Oils remained in the doldrums and posted numerous small falls. Confirmation that the Aretusa No 1 exploration well drilled off the coast of Sicily had been plugged and abandoned unsetled **LASMO** which dipped 3 to a 1985 low of 310p. Profit-taking left **Burmah Oil** 6 lower at 230p.

Irish exploration issues continued to attract a good two-way business. **Osceola**, a firm market both before and after Monday's stock split, raced up to 76p ahead of the U.S. drilling report but subsequently reacted to close unaltered on balance at 64p.

Among Overseas Traders, **Steel Brothers**, down to 500p in initial trading, rallied smartly to settle a net 10 to the good at 540p following the 34 per cent expansion in preliminary profits.

South Africans easier

The five-day advance by South African gold and related issues was brought to a halt by the abrupt turnaround in foreign exchange markets. Initially Golds made good progress following the firm opening in bullion makrets when gold touched $336 in direct response to the early decline in the dollar. However, the trend in both the dollar and gold was reversed during the afternoon; the dollar rose sharply after the latest batch of economic data and bullion accordingly fell back to around $325.5 before settling a net $6.75 easier at $326.25.

By the close of trading earlier gains in Golds were erased and the majority of issues were left with widespread minor losses on balance with the Gold Mines index showing a 1.4 decline at 535.5.

Ahead of the preliminary results expected around midday today **Rio Tinto-Zinc** eased 3 to 655p; market estimates of pre-tax profits range from £690 to £710m.

Australians provided numerous firm features in the golds sector. Favourable Press comment prompted good support for **Gold Mines of Kalgoorlie**, 5 up at 520p and **Central Norseman Gold**, 10 firmer at 458p, while the more speculative issues were highlighted by **Samson**, another 2 better at 14p.

Sons of Gwalia remained the "down-under" gold sector's favourite, advancing 8 more to a peak 114p following the quarterly report which revealed gold production at a record 11,967 ounces. An encouraging progress report from the Porgera gold prospect in Papua New Guinea gave a substantial boost to **Renison**, which jumped 16 to 300p.

Activity in Traded Options increased slightly with 7,320 contracts stuck — 5,915 calls and 1,405 puts. Interest was almost entirely centred on **Commercial Union** calls which attracted 3,044 trades, 1,901 of which were transacted in the April 220s, 11 higher at 14p. Elsewhere, the short Gilt contract recorded 226 calls and 192 puts.

FINANCIAL TIMES STOCK INDICES

	Apr. 16	Apr. 15	Apr. 12	Apr. 11	Apr. 10	Apr. 9	year ago
Government Secs	81.83	81.77	81.40	81.21	81.04	80.69	82.03
Fixed Interest	85.80	85.58	85.58	85.47	85.44	85.42	86.30
Ordinary	979.5	977.0	967.8	957.4	960.5	965.9	879.8
Gold Mines	535.5	536.9	533.5	524.8	518.0	516.2	673.3
Ord. Div. Yield	4.65	4.67	4.73	4.77	4.74	4.76	4.35
Earnings, Yld.% (full)	11.73	11.67	11.83	11.96	11.88	11.93	9.91
P/E Ratio (net) (*)	10.38	10.44	10.29	10.19	10.26	10.21	12.21
Total bargains (Est.)	26,064	24,920	26,099	25,698	25,340	26,597	22,534
Equity turnover £m.	—	430.09	493.56	393.40	251.39	254.20	292.25
Equity bargains	—	26,129	26,684	23,198	22,426	26,395	21,175
Shares traded (ml)	—	230.4	316.5	220.5	136.8	140.8	159.6

10 am 982.7. 11 am 979.3. Noon 979.5. 1 pm 979.6.
2 pm 979.3. 3 pm 979.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 10.08.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	81.83 (9/1)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	85.80 (16/4)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	938.7 (4/1)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	459.5 (25/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Apr. 15	Apr. 12
Daily Gilt Edged Bargains	180.0	193.2
Equities Bargains	169.3	172.9
Value	869.2	997.6
5day Average Gilt Edged Bargains	166.4	157.3
Equities Bargains	161.8	165.0
Value	736.8	687.7

NEW HIGHS AND LOWS FOR 1984/5

NEW HIGHS (138)

BRITISH FUNDS (15)
COMMONWEALTH & AFRICAN LOANS (1)
FOREIGN BONDS (1)
BANKS (3)
BREWERS (2)
BUILDINGS (5)
CHEMICALS (1)
STORES (16)
ELECTRICALS (4)
ENGINEERING (8)
FOODS (7)
HOTELS (3)
INDUSTRIALS (22)
INSURANCE (2)
LEISURE (3)
MOTORS (1)
NEWSPAPERS (2)
PAPER (2)
PROPERTY (2)
TEXTILES (3)
TRUSTS (6)
OILS (4)
OVERSEAS TRADERS (1)
MINES (23)

NEW LOWS (79)

AMERICANS (16)
BANKS (3)
ANZ, Westpac, Natl. Australia Bk.
BUILDINGS (1)
Tay Homes
CHEMICALS (3)
Coalite, Wardle Storeys, Engelhard
STORES (1)
Gee (Cecil)
ELECTRICALS (13)
Air Call, Lec Refrigeration, ASEA B, Motorola, Bowthorpe, NEI, Bush Radio, Northern Telecom, CPS Computer, Pericom, Compsoft Hldgs., Tunstall Telecom, Denmans Electrical
ENGINEERING (1)
ML Holdings
FOODS (1)
Cadbury Schweppes
INDUSTRIALS (8)
Aberfoyle, Fruhart Corp., Amer Group, Norcros, Eastern Produce, Swedish Match B, Eleco, Oy Wartsila AB
NEWSPAPERS (1)
Independent
PAPER (1)
Scott Paper
PROPERTY (1)
Sheafbank Prop.
TEXTILES (2)
Beckman (A.), Toray
TRUSTS (20)
OILS (2)
LASMO, Petrofina SA
OVERSEAS TRADERS (1)
Nesco Invs.
PLANTATIONS (1)
Plant'n & Gen. Invs.
MINES (3)
Asia Oil & Minrls., Blyvoor, Bond Corp.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	69	1	38
Corpns. Dom. and Foreign Bonds	12	5	56
Industrials	383	235	827
Financial and Prop.	78	136	334
Oils	19	28	77
Plantations	0	5	12
Mines	57	48	75
Others	68	64	78
Totals	684	522	1,497

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or —	Net Div.	Times covered	Gross Yield	P.E. Ratio
§155	F.P.	9/5	172	165	✠Assoc. Steel Dist.£1	170	.....	u8.0	2.1	6.7	11.7
§82	F.P.	19/4	78	68	✠BTS 10p	68	.....	bg3.4	2.0	7.1	8.8
¶188	F.P.	3/5	225	170	✠Bedford (William)5p	175	.....	h3.6	2.6	2.9	19.3
¶112/50	F.P.	17/5	115	100	Blagden Inds.	110	.....	7.2	1.8	9.3	7.5
§60	F.P.	5/4	88	70	✠Crown Int'l.Prod 10p	78	+3	bg2.1	1.6	3.8	20.0
—	F.P.	—	42	37	German Small. Wrrts.	40	....	—	—	—	—
¶145	F.P.	14/3	180	150	Hillsdown Hldgs. 10p.	150	.....	bgd3.5	2.7	3.3	14.6
§82	F.P.	3/5	86	80	✠Laidlaw Thomson	81	.....	g3.5	2.0	6.2	11.3
¶145	F.P.	26/4	172	156	Mann 20p	172	.....	bg3.5	2.8	2.9	17.5
175	F.P.	15/5	210	198	New London Oil 5p.	200	—5	—	—	—	—
100	75	1/3	78	70	Pacific Assets Tst.50p	75	—1	—	—	—	—
—	F.P.	—	44	39	Do. Ser. 1 Warrants	42	....	—	—	—	—
¶¶	F.P.	—	90	73	P.&O. Warrants	73	—2	—	—	—	—
100	F.P.	16/4	107	87	✠Pepe 10p	87	.....	u3.0	2.5	4.9	11.6
£7.25	F.P.	26/4	730	685	Plantation Tst Units‡‡	685	—5	—	—	—	—
—	F.P.	26/4	95	87	REA Warrants	87	.....	—	—	—	—
‖‖	F.P.	—	69	37	✠Sangers	67	+1	—	—	—	—
110	F.P.	—	114	110	Scott Greenham 10p.	112	—2	bg3.0	2.4	3.8	14.5
¶100	F.P.	10/5	92	90	Shorrock 10p	90	—1	1.5	2.5	2.4	25.7
¶175	F.P.	8/5	175	170	Sintrom 10p.	175	...	ug1.84	3.3	1.5	28.9
130	F.P.	—	145	140	✠Wayne Kerr 10p	145	+3	u1.5	4.2	1.5	23.0

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or —
§101	£51	15/2	54½	50	Felixstowe Dock Prf. Units †	54½	
86.81	£30	19/6	31½	25	Int. Am. Dev. Bk. 9¾Ln. 2015	31½	+¼
¶100	£10	23/5	13¼	12	Mid Southern Wtr. 9% Red. Prf. 1990	13¼	..
—	F.P.	—	100⅛	99¾	Nationwide Bldg. Soc. 13⅜% 31.3.85	100⅛	....
—	F.P.	—	100¼	100	Do. 12¼% Bds. 21.4.86	100⅛	—⅛
—	F.P.	26/4	97	93	REA Hldgs. 9% Cum. Pref.	95	....
¶¶	F.P.	26/4	111	105	Sheafbank Prop. 6% Cum. Conv. Prf.	106	....
49.895	£30	12/7	36⅛	30	Spain(Kingdom of) 11¾% Ln 2010	36⅛	+¼
91.976	F.P.	27/3	97¼	90¼	Sweden 11% Ln. 2012	97¼	..

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or —
82	Nil	31/5	20pm	14pm	Aaronson Bros. 10p	20pm	.....
60	Nil	—	16pm	11pm	BBA	16pm	+2
150	Nil	14/6	222pm	173pm	Barclays £1	183pm	+10
142	Nil	—	22pm	15pm	✠Berkeley Group	18pm	.....
178	Nil	15/5	24pm	15pm	Bespak 10p	24pm	+7
65	Nil	17/5	223pm	173pm	Bullough 20p	193pm	+1
38	Nil	16/5	10pm	6½pm	FKI Electricals 10p	7pm	....
245	F.P.	31/5	323	300	Fisons	305	....
838	Nil	10/5	35pm	17pm	Glass Glover 5p	18pm	—2
70	F.P.	—	76	63	Jackson Expln. I	65	+2
66	Nil	15/5	4pm	3pm	Mitchell Cotts	4pm	+½
185	Nil	14/6	16½pm	10pm	Morgan Crucible	16pm	+2
A$0.2	Nil	—	3pm	2½pm	✠Oil Search	3pm	.....
7	Nil	10/5	10pm	7pm	Ryan Intl. 5p	10pm	.....
190	F.P.	31/5	204	193½	STC	197	..
315	F.P.	19/4	356	331	Trafalgar House 20p	336	+1
168	F.P.	14/6	178	168	United Biscuits	175	+4
240	F.P.	13/6	268	245	Watmoughs	245	....
220	Nil	—	105pm	97pm	Wolstenholme Rink	103pm	—2
15	Nil	17/5	4pm	3pm	Worthington (A. J.)	3pm	....

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▌Allotment letters or fully-paid. ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. † Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share. ⊕ Figures or report awaited. ‡‡ Units comprising 5 Ord., 1 Warrant and £2.50 nominal of conv. stock.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Bellway	126	+2
Bowthorpe	385	—50
Commercial Union	226	+14
Debenhams	247	—11
Hepworth (J.)	193	—7
MFI Furniture	283	—20
Mount Charlotte	95½	+4
NMW Computers	325	+13
Osceola Hydro	64	—
Pentland Inds	655	+25
Prudential	617	+7
Thorn EMI	440	+15

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr 1	Apr 19	July 11	July 22
Apr 22	May 3	July 25	Aug 5
May 7	May 17	Aug 8	Aug 19

For rate indications see end of Share Information Service

Call options were taken out in **Feedex Agricultural Industries, Polly Peck, Eglinton Oil and Gas, Cornell, Commercial Union, Consolidated Gold Fields, Kia-Ora, North Kalgurli, J.S.D. Computer, Distillers, Midland Bank, C. H. Bailey, Bula, ICC Oil Services, Bryson, Stakis, Imps** and **Western Mining.** No puts or doubles were reported.

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Glaxo	33	£11½	+¾
Cartwright (R.)	24	165xd	+53
BAT Inds	22	345	+15
MFI Furniture	21	303	+45
Assoc. Dairies	19	164	+6
Debenhams	18	258	+11
Barclays†	16	173pm	—10
Cns Gold Flds	16	582	+20
Wayne Kerr	16	142	—
ICI	15	750	+4
Pentland Inds	15	630	+43
Falcon Res	14	465	—4
NMW Cmptrs	14	312	—6
Tootal	14	74	—1

† Nil-paid

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Tues April 16 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Mon April 15 Index No.	Fri April 12 Index No.	Thur April 11 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (207)	551.26	—	10.13	4.02	12.31	4.30	551.02	545.01	540.41	518.07
2	Building Materials (24)	495.42	—	12.85	5.00	9.62	1.33	495.39	494.41	494.27	512.92
3	Contracting, Construction (29)	710.41	+0.6	13.00	5.68	9.91	4.36	706.49	699.90	700.02	766.68
4	Electricals (15)	1564.96	—0.1	9.76	4.65	13.87	2.79	1566.18	1559.82	1558.04	1703.73
5	Electronics (36)	1707.23	—0.5	8.66	2.90	14.84	12.79	1715.03	1675.84	1649.59	1774.01
6	Mechanical Engineering (62)	309.71	+0.3	10.83	4.43	11.15	3.02	308.81	307.45	303.74	242.28
8	Metals and Metal Forming (8)	191.93	+0.7	11.78	7.64	10.49	1.94	190.52	191.15	189.48	199.25
9	Motors (17)	165.17	+0.1	13.37	5.08	9.25	2.58	164.99	164.64	164.21	140.47
10	Other Industrial Materials (16)	935.75	+0.6	7.74	3.32	15.62	9.00	930.06	923.64	920.56	688.44
21	CONSUMER GROUP (178)	646.68	+0.2	9.45	3.84	12.80	3.64	645.47	633.25	629.20	527.66
22	Brewers and Distillers (23)	569.90	+0.2	11.87	4.71	10.45	3.56	568.95	564.99	560.74	514.65
25	Food Manufacturing (20)	492.43	+0.2	11.84	4.88	10.51	7.27	491.44	491.63	489.42	408.78
26	Food Retailing (13)	1557.69	—0.9	6.14	2.43	21.69	4.85	1572.32	1543.97	1530.32	1180.36
27	Health and Household Products (9)	1040.78	+2.0	5.74	2.71	20.35	1.35	1020.61	983.50	980.65	887.18
29	Leisure (23)	678.22	+1.7	8.69	4.79	15.05	9.96	666.89	659.45	653.11	686.50
32	Newspapers, Publishing (12)	1768.58	—0.1	6.61	4.30	19.59	10.05	1770.58	1753.55	1760.72	1335.88
33	Packaging and Paper (14)	310.21	+0.7	11.16	4.21	10.41	1.87	308.14	305.91	305.43	265.33
34	Stores (42)	615.67	—0.4	6.83	3.18	17.90	1.55	618.03	600.68	592.00	478.04
35	Textiles (19)	323.56	+0.5	16.09	4.69	7.22	0.41	321.99	319.04	315.86	303.46
36	Tobaccos (3)	880.54	—1.1	16.53	4.87	6.75	5.43	890.15	866.51	876.80	652.61
41	OTHER GROUPS (98)	675.13	+0.2	8.97	4.02	14.08	4.58	673.84	671.85	671.22	448.70
42	Chemicals (17)	753.43	+1.2	13.54	4.84	9.17	13.77	744.71	740.07	736.91	608.09
44	Office Equipment (4)	185.75	+0.4	7.12	4.50	17.41	2.92	185.00	182.62	181.08	134.60
45	Shipping and Transport (11)	1155.45	—0.1	7.01	4.10	18.99	18.65	1156.37	1157.00	1149.33	882.81
46	Miscellaneous (64)	841.05	+0.3	7.33	3.55	16.68	3.32	838.14	832.24	831.17	607.91
48	Telephone Networks (2)	821.29	—0.4	8.15	3.92	16.02	0.70	824.58	826.19	827.79	0.0
49	INDUSTRIAL GROUP (483)	637.81	+0.2	9.50	3.93	12.98	4.14	636.84	628.85	625.42	517.61
51	Oils (17)	1168.58	—0.2	15.95	7.12	7.70	37.00	1170.86	1171.81	1171.87	1112.98
59	500 SHARE INDEX (500)	682.28	+0.1	10.37	4.37	11.87	6.75	681.57	674.25	671.08	567.49
61	FINANCIAL GROUP (115)	450.77	+0.6	—	5.50	—	6.32	448.06	449.55	448.49	387.92
62	Banks (6)	425.29	+1.1	18.32	8.86	7.71	18.72	420.58	422.36	421.61	382.20
65	Insurance (Life) (8)	674.87	+0.9	—	4.66	—	12.95	668.84	679.06	673.24	487.24
66	Insurance (Composite) (7)	343.39	+1.7	—	5.68	—	4.15	337.80	334.77	333.81	283.14
67	Insurance (Brokers) (7)	1108.96	—1.4	7.77	3.58	17.17	11.28	1124.24	1136.71	1142.92	780.09
68	Merchant Banks (11)	229.00	—0.5	—	4.17	—	1.22	230.14	230.79	230.79	247.49
69	Property (50)	630.57	—0.1	5.62	3.63	23.60	1.29	630.96	628.40	627.29	573.17
70	Other Financial (26)	283.77	+0.3	8.21	5.71	14.67	4.29	283.03	287.24	286.85	263.65
71	Investment Trusts (106)	582.82	—1.4	—	3.41	—	4.35	590.80	587.66	580.83	516.52
81	Mining Finance (4)	309.24	—0.6	9.28	4.92	13.73	1.50	311.08	303.67	303.35	317.21
91	Overseas Traders (14)	660.11	+0.4	9.07	6.44	13.68	7.86	657.19	653.47	653.32	580.46
99	ALL-SHARE INDEX (739)	620.64	+0.1	—	4.51	—	6.39	620.05	614.73	612.32	525.02

	Index No.	Day's Change	Day's High	Day's Low	April 15	April 12	April 11	April 10	April 9	Year ago
FT-SE 100 SHARE INDEX	1290.8	+2.3	1293.0	1288.4	1288.5	1275.8	1269.3	1273.1	1270.2	1105.9

FIXED INTEREST

	PRICE INDICES	Tues April 16	Day's change %	Mon April 15	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	116.99	+0.13	116.84	—	3.69
2	5-15 years	128.90	+0.12	128.96	0.22	5.01
3	Over 15 years	136.73	+0.01	136.72	—	3.03
4	Irredeemables	150.57	—	150.57	—	1.62
5	All stocks	127.69	+0.10	127.66	0.10	4.24
6	Debentures & Loans	109.74	+0.07	109.67	—	3.26
7	Preference	77.17	—	77.17	—	2.30
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	110.23	+0.16	110.04	—	1.43

	AVERAGE GROSS REDEMPTION YIELDS	Tues April 16	Mon April 15	Year ago (approx.)
	British Government			
1	Low Coupons 5 years	10.51	10.54	10.13
2	15 years	10.52	10.53	10.32
3	25 years	10.10	10.10	9.86
4	Medium Coupons 5 years	11.41	11.45	10.78
5	15 years	10.81	10.81	10.76
6	25 years	10.30	10.29	10.17
7	High Coupons 5 years	11.46	11.51	10.90
8	15 years	10.97	10.97	10.92
9	25 years	10.46	10.45	10.28
10	Irredeemables†	9.92	9.92	9.77
11	Debs & Loans 5 years	12.07	12.06	11.42
12	15 years	11.73	11.75	11.41
13	25 years	11.51	11.52	11.41
14	Preference†	12.73	12.73	12.70
15	Inflation rate 5%	3.38	3.39	3.32
16	Inflation rate 10%	3.21	3.22	3.12

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p. For record of XD adjustments during 1985 to date please write to the Prices Room, Financial Times, 10, Cannon Street, London EC4P 4BY, enclosing stamped addressed envelope.

EUROPEAN OPTIONS EXCHANGE

Series	May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
[illegible]							

TOTAL VOLUME IN CONTRACTS: 34,493

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts Jly.	Puts Oct.
B.P. (*538)	460	80	97	105	1	4	8
	500	40	60	72	1	8	18
	550	4	25	40	22	27	35
	600	1	12	23	65	68	73
[illegible]							

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Imperial Gp. (*180)	160	23	30	—	2	4	—
	180	9	15	20	6	10	14
	200	5	10	15	23	28	33
	220	1½	5	10	43	44	48
[illegible]							

Apr. 16. Total contracts 7,320. Calls 5,915. Puts 1,405.
* Underlying security price.

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99	97	Treas 3pc 1985	99 xd	..	3.03	13.36
100⅞	99	Treas 11½pc 1985	99	+	11.55	13.13
98¼	97¼	Treas 8¼pcCnv '85	98	.....	8.87	12.30
101	99	Exch. 12½pc 1985	100 xd	+	12.23	11.97
101	99	Exch. 11¼pc '86	100	+	11.73	11.43
99½	97	Treas. 10pcCnv 1986	98 xd	+	10.12	11.30
94	92¼	Treas 3pc 1986	93	..	3.20	9.06
100	97½	Exch. 10½pc Cv '86	99	+	10.57	11.24
101⅞	99¼	Treas 12pc 1986	100	+	11.93	11.41
97	94¼	Treas 8¾pc 1984-86‡‡	96¼	+	8.79	11.37
105	102	Exch. 14pc 1986	103 xd	+	13.53	11.50
91¼	87¼	Exch. 2½pc 1986	91¼ xd	+	2.74	8.48
104	101¼	Exch. 13¼pc 1987	102½	+	12.90	11.43
99½	96½	Treas 10½pcCv '87	98	+	10.44	11.34
89½	85½	Exch 2½pc 1987	89½	+	2.79	8.73
99	96¼	Exch. 10½pc 1987	98	+	10.65	11.32
92	89	Funding 6½pc '85-87‡‡	92 xd	+	7.03	10.74
98½	95½	Treas. 10pc 1987	97¼	+	10.27	11.31
87⅞	84¼	Treas 3pc 1987	87⅞	....	3.42	9.23
102	99¼	Treas. 12pc 1987	101 xd	+	11.84	11.38
93	90¼	Treas 7¾pc 1985-88‡‡	92	+	8.38	10.96
98⅞	95¼	Exch 10½pc '88	97 xd	+	10.72	11.33
96	93¼	Treas 9¼pc Cv '88	95	+	10.19	11.40
83½	80	Transport 3pc '78-88	83½	+	3.59	9.04
95	91½	Treas. 9½pc '88	94 xd	+	10.05	11.42
101¼	97½	Treas 11½pc 1989	100	+	11.45	11.34
95	90¼	Treas 9½pc Cnv. '89	94½ xd	+	10.09	11.37
79¼	79	Treas 3pc 1989	79¼	+	3.79	9.27
98½	94	Treas 10½pc 1989	96	+	10.83	11.43
96	92	Exch 10pc 1989	95	+	10.51	11.44
99	95	Exch 11pc 1989	98	+	11.17	11.44
82⅞	79	Treas 5pc 1986-89	82⅞ xd	+	6.05	9.88
107½	103¼	Treas 13pc 1990‡‡	105	+	12.27	11.33
98	19	Exch 11pc 1990‡‡	98	+	11.17	11.41
108¼	100¼	Exch. 12½pc 1990	104	.....	12.02	11.41
		Five to Fifteen Years				
92⅞	87⅞	Treas 8¼pc 1987-90‡‡	92⅞	....	9.21	10.93
97⅞	91⅞	Treas. 10pcCv 1990	94½ xd	....	10.57	11.34
104½	97¼	Treas 11¾pc 1991	104½	+	11.59	11.39
83½	80	Funding 5¾pc '87-91‡‡	82¼	+	6.96	9.66

Index-Linked

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COMMONWEALTH & AFRICAN LOANS

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FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	61	Marshall's Universal	65	−1	2.0	♦	4.5	♦
84	79	Do. 7½pc Cn Red Pf £1	82	+1	7½%	—	13.1	—
22	22	Martin-Black	22d		—	—	—	—
£96	£81	♦Matthews 7¾%	£85		07¾%	2.3	19.3	—
435	375	Metal Box £1	393		115.0	3.2	5.5	6.3
170	136	Metal Closures	150xd		6.7	♦	6.4	♦
17	9	♦Metal Sciences 2½p	12	+1	—	—	—	—
90	73	♦Midland Marts	90	+5	4.0	1.8	6.3	11.4
*83½	68	Mitchell Cotts	70	+1	4.0	1.5	8.2	10.0
*220	182	Morgan Crucible	205	+1	8.0	♦	5.7	17.4
30½	22	♦Morris (W.F.) A 20p	29½		0.5	♦	2.4	♦
105	96	Moss (Robt.) 10p	96		♦2.5	2.3	3.7	13.9
330	267	♦NMW Computers	325	+13	6.0	♦	2.7	♦
43	34	Nash Inds	34		2.5	1.5	10.5	7.8
48	32	Neil & Spencer 10p	32		—	—	—	9.6
34	16	Newman Industries	33		—	—	—	♦
35	20	Do. 10pc Cm Cnv Pf	33		10%	—	4.3	—
55	43	Nolton	53		1.1	4.5	3.0	8.9
183	146	Norcros	146	−2	8.6	2.4	8.4	7.7
64	53	Nu-Swift 5p	56	+1	2.4	3.2	6.1	7.3
95	68	Oakwood Grp	95		4.5	1.4	6.8	14.9
165	150	Office & Elect	165		7.5	4.2	6.5	7.6
108	83	Oldacre 20p	83		4.0	2.6	6.9	7.4
925	625	Oriflame Intl SA	825		46.81	1.3	8.1	12.8
218	190	♦Osborne & Little 5p	213		2.0	3.2	1.3	33.8
18	15	Overstone 12½p	17		4.5c	2.2	—	3.9
£176	£156	Pauls 9pc Cnv 87-92	£176		9%	—	5.2	—
185	105	♦PCT Grp 10p	150	−25	4.8	2.9	4.5	9.2
£14	£10¼	PLM "B" Sk 25	£11½		21.6%	♦	4.6	♦
193	169	PSM Intl	172		5.25	2.6	4.4	12.6
60	50	♦Pacific Sales 10p	55		2.4	2.2	6.2	8.3
183	165	Parker Knoll 'A'	178		9.0	2.8	7.2	7.0
375	205	Pauls	362		♦F13.0	2.5	5.1	15.9
725	575	Pearson	715xd	−3	17.0	3.1	3.4	12.4
28	18	Peek Holdings	24		—	—	—	♦
94	88	Peerless	89	−1	6.3	1.4	10.1	9.0
665	297	Pentland 10p	655	+25	2.6	♦	0.6	♦
46	33	Pentos 10p	41		0.35	♦	1.2	♦
54	44	Philips Patents	44		1.25	—	4.1	—
£11¼	£10¼	Photo-Me 50p	£11½xd		9.45	6.6	1.2	—
323	272	Pilkington Br. £1	278		12.5	2.9	6.4	6.1

LEISURE—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Gr's	P/E
162	146	Mecca Ag. M. 10p	162xd		♦3.75	1.2	[illegible]	[illegible]
183	155	♦Media Tech Int 20p	160		2.58	3.9	[illegible]	[illegible]
200	124	Meggitt 10p	180	−3	4.85	2.6	[illegible]	[illegible]
280	175	♦Miss World 10p	270		3.6	4.1	[illegible]	[illegible]
26	22½	♦Nationwide Leis	22½		3.75	♦	[illegible]	[illegible]
30	15	♦Norvic Int 20c	24		—	—	[illegible]	[illegible]
24½	19½	♦Owners Abroad	23	+1	1.0	♦	[illegible]	[illegible]
46	38	Photax (Lon.)	42		—	—	[illegible]	[illegible]
24½	22	♦Pacific Radio NV 5p	22		1.87	♦	[illegible]	[illegible]
90	55	♦Pineapple Dnc St 10p	62	+7	1.5	1.2	[illegible]	[illegible]
458	366	Pleasurama 5p	438	+1	9.2	♦	[illegible]	[illegible]
96	77½	♦Pres Entertain 50p	94½xd	+½	2.0	♦	[illegible]	[illegible]
65	28	♦Radio City 'A' NV	32	+2	5.6	0.9	[illegible]	[illegible]
55	43	♦Radio Clyde N/V	43		3.25	2.0	[illegible]	[illegible]
63	37	Riley Leisure 10p	56	+1	0.7	—	[illegible]	[illegible]
193	143	Saga Hols 20p	186		4.0	2.1	[illegible]	[illegible]
£990	540	Samuelson Grp £1	£10		19.0	3.6	[illegible]	[illegible]
39	25	♦Sangers Photo 10p	35		2.0	1.1	[illegible]	[illegible]
202	138	♦Scantro 50p	190	+2	3.68	♦	[illegible]	[illegible]
156	136	Scott TV 'A' 10p	136		8.8	♦	[illegible]	[illegible]
508	319	SeaCo Inc $0.125	322	−1		—	[illegible]	[illegible]
15	9	♦SelecTV 10p	13		—	—	[illegible]	[illegible]
140	35	♦Spectrum 5p	35		2.0	3.8	[illegible]	[illegible]
32	23	TSW 5p	23xd		1.5	2.6	[illegible]	[illegible]
142	110	TVS N Vtg 10p	110		6.0	2.2	[illegible]	[illegible]
235	132	♦Television Svcs 50p	230xd		11.5	♦	[illegible]	[illegible]
79	69	Tottenham Hotspur	74	+1	2.3	1.6	[illegible]	[illegible]
260	182	Trident TV 'A' 10p	245		♦7.5	1.8	[illegible]	[illegible]
160	106	♦21st Century Dist	127½		—	—	[illegible]	[illegible]
165	138	♦Tyne Tees TV 'A' £1	138		10.5	2.3	[illegible]	[illegible]
92	84	Ulster TV N/V 'A'	85		4.75	♦	[illegible]	[illegible]
26	20½	Webb (Jos.) 5p	20½		0.51	1.0	[illegible]	[illegible]
26½	20	♦Williams (Rex) 5p	22		0.91	—	[illegible]	[illegible]
110	95	Zetters 5p	105	+2	3.25	3.0	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Gr's	P/E
45	35	BL 50p	39		—	—	[illegible]	[illegible]
325	290	Gen. Mtrs. Units	290		Q12c	—	[illegible]	[illegible]
557	410	Honda Motor Y50	410		Q23%	8.6	[illegible]	[illegible]

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

INSURANCES

LEISURE

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

MINES—Continued

Finance

Australians

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	102		Arnott	178	+4½
Craig & Rose £1	£10		CPI Hldgs	58	
Finlay Pkg. 5p	61		Carroll Inds.	111	
Higsons Brew	122		Dublin Gas	52	
Holt (Jos) 25p	770		Hall (R. & H.)	45xd	
IoM Stm. £1	87	−13	Heiton Hldgs.	16½	
IRISH			Irish Ropes	43	
Exch. 12% 1985	£99⅞		Jacob (W. & R.)	66	
Nat. 9¾% 84/89	£89	+⅛	Unidare	84	
Fu. 13% 97/02	£98¼	+⅛			

OPTIONS—3-month call rates

"Recent Issues" and "Rights" Page 37

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

UK Specialist Funds

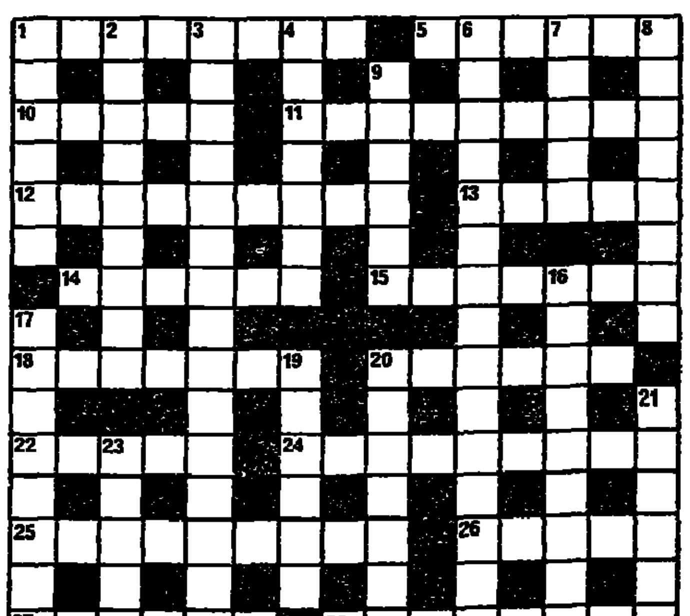
Growth Gilt Trust	51 9	52 7	+0 1	0 73
Recovery	77 2	82 3	+0 6	2 87
Smaller Cos	110 6	118 0	+0 7	1 20
Spec. Mkt. Sits	72 9	77 6	-1 6	1 35
UK Growth (Cumsuc)	32 0	34 1	+0 1	3 09

High Income Funds

Extra Inc	50 6	54 0	+0.2	7 93
Gilt	25 8	27 3		9 71
Inc & Growth	149.3	159 3	+0.2	4 77
Nat High Inc	143.2	152.7	+0.7	6 11
Pref Shares	17.2	18.3	+0.1	11.28

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,695



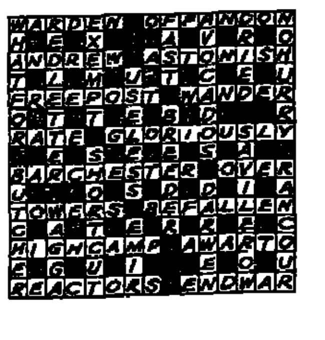
ACROSS

1 On the way, telephoned Elizabeth Guest (8)
5 Brides shifting rubble (6)
10 Expel for writing about vice last night (5)
11 Post Office clear out in China (9)
12 Princess, very loudly: "I tend to be awkward and timid" (9)
13 Hill follows trade union teaching: that's his job (5)
14 For months not starting the gateways (6)
15 After a quarter to six the damage will be easy to see (7)
18 May be worn by a person feeling cold or a person feeling hot! (7)
20 Taking nothing back, I drop into County Council nursing home (8)
22 Frequently found about one foot inside (5)
24 Germaine and I stupidly admitted the soldier (9)
25 I shoot back and I put in some weight practice (9)
26 To sleep in it is unsuitable (5)
27 Drag into the water at Chester and drown (6)
28 The old lady gets rude about such bombastic behaviour (8)

DOWN

1 Catch sight of river in it, rising fast (6)
2 A controller might get support (9)
3 Without status, nevertheless (15)
4 Utter show (7)
6 Current way of modernising the railways? (15)
7 Respond to the soldiers, using tact when topless! (5)
8 In Spain, miss one's turn with a girl (8)
9 Draw up outside the first house and squirm! (6)
16 Get rid of man I upset in exclusive surroundings (9)
17 Miscellaneous roasts cooked by a boy (8)
19 Recover in bad weather, for example (6)
20 It removes dirt daily (7)
21 Big hole right underneath an old car (6)
23 The last part of "Redhead in Drag" (5)

Solution to Puzzle No. 5,694



INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

NOTES

COMMODITIES AND AGRICULTURE

Forward copper sharply lower

BY RICHARD MOONEY

THE three-months high-grade copper quotation on the London Metal Exchange moved sharply lower yesterday, mainly on currency considerations, but concern over the tight nearby supply situation kept the cash position relatively steady.

The forward position was marked down at hte opening, reflecting the easier tone in the New York market overnight, and fell further in line with sterling's early strength.

The dollar's rally in the afternoon failed to result in a significant recovery, however, since the tendency was to follow New York copper futures, which were restrained by the upturn in the dollar. Three months copper ended the day £16 down at £1,184.50 a tonne.

In contrast the cash position continued to be supported by the declining level of LME warehouse stocks, which fell by another 1,400 tonnes last week to 88,550 tonnes, the lowest level for 11 years. This is giving rise to growing concern about the availability of supplies for immediate delivery.

Cash high grade copper ended only £4.50 lower yesterday at £1,199 a tonne, widening the premium over the three-months position from £3 to £14.50 a tonne.

Fay Gjester in Oslo writes: Ardal og Sunndal Verk (ASV), Norway's largest aluminium group, is cutting output by about 10 per cent of its 385,000 tonnes a year capacity over the next half year because of pressure on prices as a result of heavy world stocks.

Cuts will affect all three of the state-owned company's smelters at Ardal, Hoyanger and Sunndalsora. There will be no lay-offs, but the move will mean fewer than usual holiday relief hirings during the summer.

Mr Han Sjothun head of ASV's metals division, said the high dollar exchange rate meant that aluminium prices (fixed in dollars) were still fairly satisfactory in krone terms, and results for the first half of 1985 were expected to be on budget. However, the uncertain exchange rate outlook, particularly for the U.S. dollar, made it difficult to forecast developments for the second half year.

Egg industry outlook poor

BY ANDREW GOWERS

THE international egg industry faces an exceptionally hard time for the rest of this year as a result of its excessive expansion in 1984, according to the International Egg Commission's latest market review.

It says prices will slide during the next three months at least, with production increasingly in surplus and demand remaining flat. The situation is only likely to show signs of improvement towards the last quarter of this year as supplies taper off, in response to recent cuts in chick placements.

The commission has been warning for some time of the dangers posed by dast year's over-expansion, particularly in the European Community.

In the first half of 1984, EEC chick placements were 3 per cent higher than a year earlier, and with consumption static or declining in many countries it was only a matter of time before the increasing supplies depressed the market.

The report says a collapse has only been temporarily averted so far this year by the cold weather in Europe, which has curtailed yields and boosted consumption.

Even the recent drop in chick placements may not be enough to buoy the market, the report implies. EEC placements were *only 0.9 per cent lower in the* second half of last year than 12 months previously. In the Netherlands, meanwhile, the national laying flock — one of Europe's largest — is believed to have reached a record level last month.

Few little piggies go to market

By Andrew Gowers

TRADING in London's new live pig futures contract got off to a slow start yesterday with only five 50-pig lots changing hands.

The almost deathly quiet at the opening of the market on the London Meat Futures Exchange was in marked contrast to the rush which greeted the Baltic Exchange's first pigmeat contract just over a year ago.

LMFE officials, however, seemed undaunted. Mr Pat Elmer, exchange chairman, said: "We expected this. We hope to see trading really moving ahead from tomorrow." Mr Chris Prior-Willeard, exchange secretary, said: "The important thing is that we're up and running."

Prices have been set for all 10 delivery months, although trading was concentrated in the May and June contracts.

The name "live pig futures" is something of a misnomer since pigs will continue under the contract to change hands on a deadweight basis. The main departures from the existing pigmeat (carcase) contract are twofold.

First, when taking delivery of pigs, the buyer will bear the costs of slaughter and dressing—thus theoretically bringing the futures price closer to the physical market price.

Second, the delivery process has been made more attractive. In order to enable contracts to be completed—and in contrast to the existing system—there are to be discounts for shortfalls in weight and fat content. This means that producers can use the new contract for hedging purposes without fear of defaulting on physical delivery.

Exchange officials hope that the increased flexibility of the contract will encourage abattoirs to use it in conjunction with the pigmeat (carcase) contract in order to "lock in" a fixed profit margin.

Chris Sherwell looks at Hanoi's efforts to boost agricultural production

Vietnam struggles for food self-sufficiency

ONE FACTOR dominates all others in the economic thinking of the Communist Government of Vietnam: agricultural production. Self-sufficiency in food is perhaps the political leadership's most cherished objective.

Proclamations to this effect were made in 1983, but Vietnam ended up *asking* the *United* Nations for food aid, without receiving it. A year later bad weather, an annual problem, forced another request, and this time it was granted.

Even now, there are doubts about the size of the 1984 grain crop. Mr Tran Phuong, the *vice premier, says he doubts* the Statistics Department's estimate of 17.8m tonnes of paddy and paddy equivalent. In his judgment, the correct figure is 500,000 tonnes lower. This was nevertheless a record: production in 1983 was 17m tonnes, and in 1982 16.6m tonnes.

Agriculture is the main livelihood for 70 per cent of the country's 60m population and accounts for 45 per cent of gross domestic products. Only 30 per cent of output is in cash crops—sugar cane, groundnuts, rubber, jute, soyabeans, and so on. The rest is in food and grain production and 80 per cent of this is in rice.

Vietnamese workers are given food rations to supplement their meagre wages of around 300 to 400 dong per month—equivalent to about $30 (£24) at the official exchange rate but less than $1 at free market rates.

With their coupons they can buy 13 kg of rice at only 0.4 dong a kilo, way below the price of 40 or even 60 dong a kilo on the free market, to which many families must turn for supplementary amounts.

The system prevents starvation, but not hunger and malnutrition, especially with the population rising at an estimated 2.2 to 2.4 per cent a year.

The need to boost production had taken on a sense of urgency by 1980. Production of paddy and paddy equivalent had stagnated at 11.5m tonnes a year from 1976-80, even though the area under cultivation had expanded by 24 per cent.

In a remarkable departure, the Hanoi Government altered its procurement system, introducing a two-way contract arrangement under which cooperatives started buying inputs like seeds, fertiliser and insecticide from the state at fixed prices, to be paid for with sales of pre-determined quantities of grain, also at fixed prices.

The important new element was that surplus production could be sold at negotiated prices to the state or at free market prices to private traders. Either way, producers benefited from their own performance.

The results were dramatic. Between 1980 and 1982, after the reforms were introduced, the area under cultivation in Vietnam increased by 2 per cent, but production shot up by *21 per cent on the 1980 figure.* The targeted output for 1985 of 19m tonnes is now reckoned to be achievable if the weather is kinder than it was last year.

At that point, however, a new problem will surface: a need to increase the quantity of inputs and make new investment, especially in irrigation in the south — the Mekong Delta — to promote double cropping.

Apart from wanting to see its people better fed the government has another reason for boosting output: to export and so earn foreign exchange. Vietnam already exports some of its best quality rice, purchasing cheap, broken rice in exchange in deals with Thailand. It would like to sell more.

The foreign exchange shortage prevents Vietnam importing the fertiliser it needs. According to La Xuan Dinh of the Ministry of Agriculture, Vietnam is still not *self-sufficient in phosphate* fertiliser and it has to import nitrogen fertiliser, mainly from the Soviet Union, Japan and France.

Work is meanwhile going ahead to promote mechanisation, to improve storage to avoid post-harvest losses, and to develop *quicker-growing* hardier rice varieties. Ultimately, however, Vietnam's food production successes hinge on the weather. More than once, drought and typhoons have wrecked hopes of Vietnam's feeding itself.

*The UN's World Food Pro*gramme has given $216m worth of food aid to Vietnam since 1975, the most recent being 10,000 tonnes of rice at the end of 1984 in the wake of the destruction wrought by Typhoon Agnes.

The bulk of WFP aid has been for development projects rather than such emergency assistance. Since Vietnam's invasion of Kampuchea in December 1978, however, only one such project has been approved.

This situation is about to be tested when two UN projects come up for approval at governing council level in Rome in May. One project is to develop water resources; the other is to re-forest sand dunes and denuded hills.

The council has turned down a recommended proposal before, in 1981 with a World Bank dam project. The two in the latest case are worth only $30m, but were important enough for Mr Nguyen Co Thach, Vietnam's Foreign Minister, to bring them up when Mr Xavier Perez de Cuellar, the UN Secretary General, visited Hanoi earlier this year.

The outcome will not of itself *determine Vietnam's chances of* food self-sufficiency. But rejection by the U.S. or the European Community, for example, could mean they are still not yet ready to help in the effort, leaving Vietnam to struggle on alone.

U.S. wheat farmers to vote on 1986 marketing quota

BY NANCY DUNNE IN WASHINGTON

U.S. wheat farmers will go to the polls from July 19 to 26 to vote on a 1986 wheat quota which would limit production to 1.955m bushels on 54m acres. However, the quota, if approved, will only come into effect if Congress fails to pass 1985 farm legislation before the end of the year.

If the farmers vote against *the quota, they could find them*selves with minimal price supports, or perhaps none at all.

Mr John Block, the U.S. Agriculture Secretary, has been required to schedule the referendum by the Agricultural Adjustment Act of 1938, a law which has been suspended by farm Bills since 1963.

Controversy over President Ronald Reagan's farm proposals, which call for sharp reductions in support levels, is so heated that debate is likely to be prolonged late into 1985 and Mr Block says: "It is important that wheat farmers know as early as possible the provisions of the 1986 marketing quota programme that could be in effect."

To become effective, the marketing quota must be approved by at least two-thirds of the farmers eligible to vote. In the last referendum in 1963, the proposed quota was rejected.

If the quota is approved, mandatory acreage controls would be brought into effect with stiff penalties for overplanting. There would be a two-tiered price suport system and a domestic and export certificate programme financed by processors and exporters.

Mr Block has also *announced new proposals which* he hopes will be more acceptable to farm state legislators. They call for a more gradual implementation of reduced price supports, a slower phase-out of crop subsidies, more direct farm credit lending, an dihgher funding for conservation programmes.

Meanwhile, U.S. farmer have signed up in droves to participate in the 1985 acreage reduction programmes. Maize producers enrolled an unexpetcedly high 70.8 per cent of their base acreage in the U.S. Department of Agriculture programme, which requires them to reduce *their planted acreage by 10 per* cent.

Although the high participation rate could make a noticeable reduction in the 1985 maize crop, it could also be offset by increased yields.

Shortage of selenium prompts price rise

A SHARP cut in supplies has prompted a big rise in selenium prices over the past week, with latest European free market quotations up $1.20 on average at $6.70-7.50 per pound.

Selenium is produced mainly as a by-product of copper. It is used in the production of chemicals, corrosion protection materials, electrical goods, photographic materials and pigments for ceramics.

Supplies have been greatly reduced because of the recent cut in North American copper production and because of shipment problems from Chile, the main supplier, which result from earthquake damage at the ports.

Demand, however, has continued to be strong and competition has been keen for the *limited supplies available.*

WEEKLY METALS

PRICES supplied by Metal Bulletin:

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,800-3,000.

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 5.70-6.10.

CADMIUM: European free market, min. 99.95 per cent, $ per lb, in warehouse, ingots, 0.87-0.93, sticks, 0.92-1.00.

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 11.45-11.55.

MERCURY: European free market, min. 99.99 per cent, $ per flask, in warehouse, 287-297.

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 4.12-4.30.

SELENIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 6.70-7.50.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit WO, cif, 74-78.

VANADIUM: European free market, min. 98 per cent V O, other sources, $ per lb V O, cif, 2.38-2.42.

URANIUM: Nuexco exchange value, $ per lb U O, 15.00.

LONDON MARKETS

THE dollar's rally on the foreign exchanges yesterday afternoon allowed London coffee futures to halt their recent sustained decline.

The July position, which had previously fallen £159.50 in six trading days, almost entirely reflecting the dollar's weakness against sterling, lost another £10 in early trading as the pound continued to strengthen. As the dollar's fortunes improved, however, the price climbed to £2,107 a tonne at one point, before ending the day £25.70 up at £2,097 a tonne.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	Apr. 15 1985	+ or —	Month ago
Aluminium	£1100	.....	£1100
Free Mkt	$1135/55	+5	$1120/140
Copper			
Cash h Grade	£1199	-4.5	£1229
3 mths	£1184.5	-16.0	£1248.75
Gold troy oz	$326.25	-6.75	$318
Lead Cash	£315	+2.0	£305.5
3 mths	£309.5	-3.50	£318.75
Nickel			
Free Mkt	238/268c	-2.0	234/264c
Palladium oz	$114.25	-2.25	$114.75
Platinum oz	$285.75	-15.6	$270.25
Quicksilver†	$280/290	.....	$285/295
Silver troy oz	517.15p	-9.15	530.25p
3 mths	532.15p	-9.80	546.60p
Tin cash	£9525.0	-132.5	£9,990.5
3 mths	£9497.5	-150.0	£10,002.5
Tungsten	$77.70	.....	$76.65
Wolfram 22 04lb	$74/78	.....	$75/78
Zinc	£708.0	-2.5	£790
3 mths	£699.5	-3.0	£768.5
Producers	$960	.....	$900/940

OILS	Apr. 15 1985	+ or —	Month ago
Coconut (Phil)	$820v	-5.0	$880
Palm Malayan	$650y	+5.0	$635
SEEDS			
Copra Phil	$490w	-10.0	$525
Soyabean (U.S.)	249.75x	-1.5	$249.75
GRAINS			
Barley Fut. Sep	£98.40	+0.05	£116.85
Maize	‡		£151.00
Wheat Fut. July	£123.40	+0.15	£119.15
No. 2 Hard Wint.	‡	—	‡
OTHERS			
Cocoa Ft. July	£1887.5	-34.0	£2117.5
Coffee Ft. July	£2097.0	+25.5	£2333.5
Cotton A Index	56.85c	-0.10	66.70c
Gas Oil May	$225.5y	-0.5	$226
Rubber (kilo)	66p	-1.0	67p
Sugar (raw)	104.5wz	-4.0	$110.5
Wooltops 64s	465pkilo	-7.0	522pkilo

‡ Unquoted. w April-May. z June. y May. v March-April. † Per 76-lb flask. c Cents a pound.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	1195-.5	-6.25	1198-200	-4.5
3 months	1185.5-6.5	-7.5	1184-5	-16.0
Settlem't.	1195.5	-6.5		
Cathodes				
Cash	1191-2	-6.5	1190-2	-7.0
3 months	1188-9	-7.5	1190-2	-12.0
Settlem't.	1192	-7.0	—	—

Amalgamated Metal Trading reported that in the morning three months higher grade traded at £1,185, 86, 85, cash £1,194, 95, 96, three months £1,186, 85, 85.5, 86. Cathodes: Cash £1,192, three months £1,186, 88. Kerb Higher Grade: Three months £1,186, 85.5, 86, 87. Afternoon: Higher Grade: Three months £1,186, 87, £1,184, 83, 82, 83, 84. Cathodes: Cash £1,192, three months £1,190. Kerb: Higher *Grade: Three months* £1,184, 84.5, 85, 86, 85, 84, 84.5, 85, 86, 85.5. Turnover: 18,650 tonnes. U.S. Producers: 71.00-74.50 cents per pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	9565-70	-100.0	9520-30	-142.5
3 months	9535-40	-147.5	9495-500	-165.0
Settlem't.	9570	-110.0	—	—
Standard				
Cash	9564.5	-123.5	9520-30	-132.5
3 months	9510-1	-159.5	9495-500	-150.0
Settlem't.	9565	-125.0	—	—
Straits. E.	$29.90	—	—	—

Tin — Morning: Standard: Three months £9,570, 60, cash £9,540, 55, 60, 65, 70, 65, *three months* £9,540, 30, 20, 15, 12, 10. High Grade: Three months £9,535. Kerb: Standard: Cash £9,556, 50, 40, three months £9,515, 10, 9,500. Afternoon: Standard: Three months £9,515, 10, 05, £9,510, 9,500, 9,495. High Grade: Three months £9,500. Kerb: Standard: Three months £9,480, 75, 60. High Grade: Three months £9,490. Turnover: 1,445 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	313.5-4	+6.25	312-4	+2.0
3 months	308-9	+4.25	309-10	+3.0
Settlem't	314	+6.0	—	—

Lead—Morning: Three months £308, £315, 14, three months £309, 10, 09. Kerb: Three months £310, 08, 07. Afternoon: Three months £307, £309. Kerb: Three months £309, 10, 09. Turnover: 12,000 tonnes. U.S. Spot: 20.00-22.00 cents per pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	708-9	-5.0	707-9	-2.5
3 months	695.5-6	-4.75	695-6	-3.0
Settlem't	709	-5.0	—	—

Zinc. High Grade Official/Unofficial prices: cash am £736-738, pm £730-735, three months am £724-726, pm £720-723; settlement £738.

Zinc—Morning: Three months £694, cash £710, 09, three months 696, 95.5, 95, 96. Afternoon: Three months £695.5, 96, 94, £696, 97, 98, 99, 98.5, 98, 97. Kerb: Three months £698.97. Turnover: 9,360 tonnes. U.S. Prime Western: 45.50-47.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	861-2	-13.7	868.5-9.5	-8.0
3 months	883.5-4	-11.2	891-.5	-7.0

Aluminium—Morning: Three months £885, 84, £884, 83.5. Kerb: Three months £883.5, 884. Afternoon: Three months £885, £891, 92, 91.5, 91. Kerb: Three months £890, 91, 92, 93. Turnover 9,650 tonnes.

GOLD

Gold fell $8¾ an ounce from Monday's close in the London bullion *market yesterday to finish at* $326-$326½. The metal opened at $332½-$333 and traded between a high of $334-$334½ and a low of $325½-$326. The retreat from early levels reflected a firmer trend in the dollar, gold having found good support earlier above the $330 level. The softer trend in the afternoon also reflected strong chart resistance around the $335 level.

GOLD BULLION (fine ounce) Apr. 16

Close	$326-326½	(£256-256½)
Opening	$332½-333	(£258¼-259¼)
M'n'g fix.	$331.50	(£258.883)
Aft'n'nfix.	$330.50	(£258.008)

GOLD AND PLATINUM COINS

Kr'g'rnd	$336¼-336¾	(£264¼-264¾)
½ Krug.	$173¼-173¾	(£136¼-136½)
¼ Krug.	$88¼-89	(£69½-70)
1/10 Krug.	$36¼-36¾	(£28½-29)
Mapleleaf	$336½-337	(£264½-264¾)
New Sov.	$76½-77	(£60-60½)
½New Sov	$46¼-47¼	(£36¼-37¼)
Old Sov.	$77-78½	(£60½-61½)
$20 Eagle	$435-475	(£341¾-373¼)
Noble Plat	$294-297½	(£230½-233½)

SILVER

Silver was fixed 9.15p an ounce lower for spot delivery in the London bullion market yesterday at 517.15p. U.S. cent equivalents of the fixing levels were: spot 663.50c, down 11.5c; three-month 676.9c, down 12.3c; six-month 691.7c, down 13.55c; and 12-month 727.05c, down 11.3c. The metal opened at 517-520p (664-667c) and *closed at 508-511p (648-651c).*

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	517.15p	-9.15	510p	-13
3 months	532.15p	-9.80	525.35p	-14.1
6 months	546.35p	-11.25	—	—
12 months	575.60p	-5.70	—	—

LME—Turnover: 19 (53) lots of 10,000 oz.

Morning: 1st ring three months 533, 34; 2nd ring three months 533. Kerb: untraded. Afternoon: 1st ring three months 525. Kerb: untraded.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	4265-70	-30.0	4255-65	-5.0
3 months	4250-5	-25.0	4355-60	+1.5

Nickel—Morning: Three months £4,240, cash £4,270, three months £4,250, 55. Kerb: Three months £4,255. *Afternoon: Three months* £4,245, 30, 25, 20, £4,235, 40, 45, 40, 55. Kerb: Three months £4,245. Turnover: 1,430 tonnes.

COCOA

After opening steadier than due, features fell back through a quiet day *to close at the bottom of a narrow* range. Origins were absent and light manufacturer offtake was seen, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1920-1921	-16.0	1934-1920
July	1885-1890	-30.0	1915-1885
Sept.	1844-1845	-34.0	1876-1844
Dec.	1795-1797	-26.5	1820-1795
Mar.	1796-1797	-23.0	1818-1797
May	1801-1803	-24.0	1825-1801
July	1800-1810	-22.5	1830-1850

Sales: 4,027 (2,816) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound) Daily price for April 15: 103.29 (105.86); five-day average for *April 16:* 104.03 (103.94).

COFFEE

In line with expectations prices opened £10 lower, reports Drexel Burnham Lambert. Losses were gradually erased as profit-taking emerged following the recent sharp decline. A slight retracement in sterling and a steady *New York opening inspired a rally of* £20 as the rise found little resistance.

COFFEE	Yesterd'ys Close	+ or —	Business Done
May	2050-53	+30.5	2060-22
July	2096-98	+25.5	2107-61
Sept.	2136-40	+27.5	2145-02
Nov.	2160-64	+25.0	2171-26
Jan.	2160-66	+26.0	2166-30
March	2135-40	+25.0	2135-11
May	2110-20	-10.0	2100

Sales: 3,301 (3,186) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for April 15. Comp. daily 1979 131.00 (131.41); 15-day average 133.01 (133.18).

COTTON

LIVERPOOL — Spot and shipment sales amounted o 40 tonnes. Minor contracts were under review but support was mentioned in West African styles.

INDICES

FINANCIAL TIMES

April 15	April 12	M'th ago	Year ago
295.53	295.47	300.84	305.73

(Base: July 1 1952 = 100)

REUTERS

Apr. 16	Apr. 15	M'th ago	Year ago
1886.9	1901.9	2013.6	2000.5

(Base: September 18 1931 = 100)

MOODY'S

Apr. 12	Apr. 11	M'th ago	Year ago
962.0	961.9	950.8	1,082.8

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Apr. 15	Apr. 11	Month ago	Year ago
Spot	—	121.39	116.30	142.11
Fut.	123.65	124.90	120.41	144.07

(Base: December 31 1974 = 100)

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
May	119.40	-0.05	116.15	-0.05
July	123.40	+0.15	—	
Sept.	99.40	-0.15	98.40	+0.05
Nov	102.45	+0.10	102.20	+0.05
Jan	106.10	+0.10	105.60	—
Mar.	109.30	—	148.75	—

Business done—Wheat: May 119.35-8.85, July 123.40-2.85, Sept 99.40-9.00, Nov 102.40-2.10, Jan 106.05-6.00, March 109.25 only. Sales: 474 lots of 100 tonnes. Barley: May 116.20-6.15, Sept 98.30-8.25, Nov 102.20-2.15, Jan 105.60-5.50, March untraded. Sales: 53 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 114.20, W. Midlands 114.40, N. West 113.20. The UK Monetary coefficient for the week beginning Monday, April 22 (based on HGCA calculations, using five days' exchange rates) will change to 0.990.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 15 per cent: Afloat 152.90, April/May 146, June/July 144 transhipment East Coast U.S. No. 2 Soft Red Winter: May 145.50, July/Aug 131.50, Sept 133.50 transhipment East Coast. EEC French: July 118 cif free-out South-west Coast. English feed. May 121, June 128, Sept 101, Oct/Dec 105.50, sellers East Coast. Maize: U.S. No. 3 Yellow/French, transhipment East Coast: April 151. Barley: English feed fob: April 119, May 119.50, Aug 99.25, Sept 101.25, Oct/Dec 106, sellers East Coast. Rest unquoted.

PIGMEAT

Deadweight pigmeat prices closed around unchanged in low volume. The new live pig contract opened at 5-7p discount but there was little activity, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	P. per kilo (deadweight)		
June	104.60	104.70	104.80-104.40
Aug.	101.30	101.30	—
Oct	106.90	107.40	107.30-106.80
Nov	107.70	108.40	107.80-107.70
Feb	99.50	98.80	99.80
April	99.90	99.50	—

Sales: 93 (102) lots of 50 carcases, 3,250 kg.

POTATOES

Old crops showed little movement in quiet trade. New crops continued to come under pressure, with April 1986 losing £2.90 before recovering slightly. Volumes were thinner than recently, with switch trading accounting for a good proportion, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
April	43.80	44.00	43.00
May	51.00	50.40	51.50-50.50
Nov	69.20	70.90	70.10-69.00
Feb	77.00	78.00	—
Apr	92.80	94.90	94.00-92.00

Sales: 479 (1,008) lots of 40 tonnes.

OIL

The crude oil market was nervous and lacked direction. Nymex WTI opened 6c down after gains late on Monday, and traded thinly on the *downside during the morning to a net* fall of 12c by noon EST. In the petroleum products market gas oil and heavy fuel prices continued to weaken. Good supply especially in the Mediterranean combined with little end-user interest and continuing uncertainty over market direction to soften prices—Petroleum Argus, London.

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
April	229.25	+0.25	230.25-29.00
May	225.50	+0.50	227.00-25.50
June	222.75	+1.00	224.25-22.25
July	223.00	+0.75	224.00-22.00
Aug	225.75	+1.50	226.00-25.75
Sep	228.00	+0.50	228.00
Oct	229.00	-0.50	—

Turnover: 1,010 (1,374) lots of 100 tonnes.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—May		
Arab Light	27.60-26.70	-0.05
Arab Heavy	26.55-26.45	-0.025
Dubai	26.65-26.75	-0.05
Brent Blend	27.85-27.95	+0.05
*Forties	—	
W.T.I. (1pm est)	29.00-29.10	+0.30
Forcados (Nigeria)	28.10-28.20	+0.10
Urals (cif Medi)	27.20-27.60*	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	286-288	—
Gas Oil	227-228	-0.50
Heavy fuel oil	162-164	-0.50

*April

Petroleum Argus estimates

RUBBER

PHYSICALS—The London market opened unchanged, saw little movement throughout the day and closed uncertain, reports Lewis and Peat. Closing prices (buyers) spot 66.00p (same). May 66.75p (same); June 67.25p (same). The Kuala Lumpur fob price for RSS No. 1 was 194.5 (194.0) cents a kg and for SMR 20 was 195.0 (same).

SOYABEAN MEAL

The market opened 50p £1.00 easier on stronger sterling, reports T. G. Roddick. Prices recovered late in the day on trade buying.

	Yesterday close	+ or —	Business Done
	£ per tonne		
April	139.0-140.0	+3.00	—
June	127.5-128.0	+0.75	127.5-127.0
August	125.0-125.3	+0.50	126.2-124.5
October	127.5-128.0	+0.25	127.5-127.0
Dec	132.5-133.5	-0.90	—
Feb	138.0-139.5	+0.25	—
Apr	140.0-141.4	-0.50	—

Sales: 896 (237) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $104.50 (£81.00), down $4.00 (down £5.00) a tonne for April-May-June delivery. White sugar $133.00, down $1.00.

Following the sharp overnight sell-off, the market lacked follow-through on the downside and began to consolidate, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
May	106.2-106.5	108.2-108.6	109.0-106.0
Aug	111.6-112.2	115.6	115.0-111.4
Oct	115.2-115.6	116.6	116.4-114.8
Dec	121.6-122.0	125.6-127.0	122.0
Mar	154.0-154.4	154.2-154.8	155.2-153.4
May	158.4-159.5	142.6-145.6	—
Aug	145.4-146.0	146.8-149.2	—

Sales: 1,805 (1,291) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £189.00 *(£194.00) a tonne for export.*

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for April 15: Daily price 3.63 (3.68); 15-day average 3.69 (3.71).

U.S. MARKETS

Heating oil rallied sharply with the currencies on better demand in Europe and on profit-taking in an oversold market, reports Heinold Commodities. Grains and soyabeans tried to rally along with the currencies but could not hold their initial gains as commercial and local selling carried prices lower. The only exception to this pattern was wheat which rallied moderately on concern about the tight technical situation in deliverable stocks. The precious metals showed a firm tone reflecting concerns over recent bankruptcies by small financial dealers. Copper was firm early on strength to sterling however lost its gains late in the session on increased LME stocks. Aluminium was under light selling pressure as fresh cash demand failed to materialise. Sugar came under pressure from disappointed long liquidation reflecting the market inability to rally despite a firmer tone to *currencies. Good availability* of Brazilian coffee weakened

Yesterday's U.S. market clos- prices were not available for this edition. Those listed here are Monday's.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
April	49.30	—	—	49.65
May	49.50	49.95	49.35	49.90
June	49.95	—	—	50.35
July	50.35	50.75	50.30	50.75
Sept	51.15	51.50	51.20	51.55
Dec	52.40	52.90	52.60	52.75
Jan	52.80	—	—	53.15
March	53.60	—	—	53.95
May	54.40	—	—	54.75
July	55.20	—	—	55.55

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	2392	2460	2365	2418
July	2222	2265	2210	2225
Sept	2169	2220	2165	2180
Dec	2120	2171	2120	2135
March	2120	2170	2149	2135
May	2120	—	—	2135
July	2120	—	—	2135

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
May	138.29	140.30	139.05	140.01
July	138.80	139.65	138.50	139.29
Sept	138.53	139.30	138.25	138.93
Dec	138.01	138.70	138.01	138.50
March	137.76	138.20	137.35	138.28
May	136.95	137.40	137.00	137.52
July	136.13	137.25	137.00	136.51

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
May	65.50	66.55	65.40	65.90
June	65.90	—	—	66.30
July	66.25	67.25	66.15	66.65
Sept	66.50	67.36	66.50	66.85
Dec	66.85	67.60	66.80	67.10
Jan	66.85	—	—	67.20
March	67.20	67.70	67.35	67.40
May	67.50	68.15	67.80	67.85
July	68.00	68.70	68.25	68.00

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
May	68.37	68.70	67.50	67.50
July	66.80	67.26	66.50	66.65
Oct	65.45	65.70	65.45	65.65
Dec	65.33	65.55	65.31	65.53
March	66.51	66.65	66.51	66.63
May	67.07	67.30	67.25	67.45
July	67.80	68.15	68.00	67.74

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
May	29.18	29.16	28.88	28.88
June	28.33	28.35	27.79	27.84
July	28.00	28.05	27.48	27.60
August	27.56	27.82	27.30	27.42
Sept	27.52	27.64	27.15	27.33
Oct	27.65	—	—	27.35
Nov	27.70	27.70	27.00	27.39
Dec	27.70	27.70	27.10	27.45

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
April	329.7	334.0	329.9	328.0
May	331.1	—	—	329.5
June	333.2	338.6	332.8	331.6
August	337.6	343.0	337.0	336.0
Oct	342.4	347.0	342.5	340.8
Dec	347.5	353.0	347.5	345.9
Feb	353.2	355.5	355.5	351.6
April	358.9	363.0	361.5	357.3
June	364.9	367.5	367.5	363.3

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
May	76.00	76.00	73.25	73.46
June	73.90	73.93	71.75	71.93
July	73.50	73.56	71.40	71.56
August	—	73.80	72.00	72.03
Sept	74.00	74.75	72.70	73.10
Oct	—	75.10	73.50	74.00
Nov	75.00	—	—	74.05
Dec	76.50	76.00	75.50	75.25

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
May	157.00	60.00	55.10	59.95
Sept	157.15	58.75	56.75	53.95
Nov	156.15	56.00	55.50	58.40
Jan	155.15	—	—	57.35
March	155.15	—	—	57.85
May	155.15	—	—	57.70
July	155.15	—	—	57.70

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
April	297.3	308.0	297.5	302.1
June	298.3	—	—	304.1
July	300.3	311.0	297.5	305.1
Oct	306.3	316.4	304.5	311.1
Jan	312.8	324.0	312.5	317.6
April	319.7	329.5	320.0	324.5

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
April	658.4	675.0	675.0	664.0
May	658.5	678.5	657.0	665.0
June	664.0	675.0	675.0	670.5
July	668.8	688.0	668.0	675.1
Sept	678.8	688.5	677.0	685.3
Dec	695.1	714.0	692.0	701.6
Jan	700.7	711.0	711.0	707.2
March	711.7	728.0	714.0	718.2
May	724.1	743.0	739.0	730.4
July	736.8	751.0	750.0	742.9

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
May	3.61	3.85	3.61	3.83
July	3.81	4.06	3.75	4.04
Sept	3.99	4.18	4.00	4.19
Oct	4.07	4.32	4.05	4.30
Jan	4.52	4.70	4.48	4.71
March	4.99	5.18	4.96	5.17
May	5.22	5.39	5.22	5.37
July	5.43	5.60	5.43	5.59

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
April	61.95	62.50	61.90	62.37
June	63.72	64.45	63.57	64.37
August	64.50	64.87	64.25	64.62
Oct	62.95	63.30	62.55	63.05
Dec	64.00	64.30	63.60	64.27
Feb	64.55	64.80	64.25	64.75
April	66.00	66.00	65.55	66.00

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
April	43.60	43.90	43.10	43.15
June	48.25	48.57	47.75	48.17
July	50.17	50.45	49.72	50.02
August	49.87	50.25	49.65	49.90
Oct	46.90	47.15	46.67	46.87
Dec	47.90	48.25	47.75	48.12
Feb	48.45	48.90	48.40	48.55
April	45.45	46.65	45.45	45.55
June	48.05	48.06	47.75	48.05

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
May	280.6	281.6	280.4	281.0
July	280.4	281.5	280.0	281.4
Sept	270.4	271.0	270.2	271.0
Dec	265.4	266.0	265.0	265.6
March	273.4	273.6	273.0	273.6
May	279.4	279.4	278.6	279.4
July	281.4	281.4	280.4	282.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
May	64.57	65.25	63.60	64.50
July	65.70	66.30	64.85	65.56
August	64.17	64.75	63.50	64.15
Feb	70.50	70.65	68.75	70.47
March	70.50	70.75	69.60	70.50
May	70.65	70.65	70.65	70.55
July	70.55	70.55	70.55	70.56

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
May	595.0	602.0	594.0	599.2
July	602.2	609.2	601.0	606.4
August	603.6	610.4	603.0	608.0
Sept	601.4	607.4	601.0	605.4
Nov	606.4	612.4	604.6	609.6
Jan	617.4	622.0	616.0	621.0
March	628.4	630.0	627.4	632.0
May	636.4	640.0	636.0	640.0
July	643.0	—	—	646.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
May	131.0	131.8	130.7	130.7
July	137.1	137.8	136.7	136.7
August	140.0	140.8	139.5	139.6
Sept	142.2	143.5	142.0	141.8
Oct	145.0	145.9	145.0	145.0
Dec	150.0	151.3	150.0	150.1
Jan	152.1	153.2	152.1	152.2
March	157.0	158.5	157.0	157.0
May	162.0	162.0	162.0	161.0
July	166.0	167.0	166.0	—

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
May	31.81	32.36	31.45	32.39
July	30.08	30.75	29.91	30.70
August	29.16	29.75	29.05	29.73
Sept	28.37	28.90	28.22	28.90
Oct	27.43	28.05	27.25	28.00
Dec	26.62	27.10	26.40	27.03
Jan	26.40	26.80	26.25	26.75
March	26.22	26.55	26.10	26.56
May	26.13	—	—	26.50

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
May	363.6	365.0	360.4	362.0
July	333.4	335.4	332.4	336.2
Sept	332.6	336.0	332.6	338.2
Dec	344.0	346.4	343.4	347.4
March	349.0	350.4	349.0	353.0
May	346.0	348.4	346.0	349.4

SPOT PRICES — Chicago loose lard 23.00 (same) cents per pound. New York tin 566.0-586.0 (585.0-585.0) cents per pound. Handy and Harman silver bullion 664.5 (669.0) cents per troy ounce.

OTHER MARKETS

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.01p per kg lw (—0.22). GB—Sheep 248.33p per kg est dcw (—9.97). GB—Pigs 78.65p per kg lw (+0.15).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 74.0 to 81.0; English hindquarters 94.0 to 100.0, forequarters 48.0 to 53.0. Veal: Dutch hinds and *ends* 122.0 to 128.0. Lamb: English small (new season) 128.0 to 135.0, medium (new season) 125.0 to 130.0, heavy (new season) 120.0 to 125.0. Imported: New Zealand PL (new season) 67.5 to 68.5, PX (new season) 66.0 to 66.0. Fat sheep: English 105.0 to 110.0. Pork: English under 100lb 46.0 to 58.5, 100-120lb 53.0 to 58.0, 120-160lb 44.0 to 49.0.

JUTE

JUTE—April/May shipment, c and f Dundee: BTC $950, BWC $945, BTD $925, BWD $920; c and f Antwerp: BTC $950, BWC $945, BTD $925, BWD $920; c and f Dundee: ex-India April shipment, 40 in. 10 oz £27.38, 40 in. 7½ oz £20.57; B twills £71.63.

PARIS

SUGAR—(FFr per tonne): Aug 1,275-1,276, Oct 1,310-1,315, Dec 1,360-1,375, March 1,455-1,460, May 1,500-1,515, Aug 1,545-1,575.

COCOA—(FFr per 100kg): May 2,218-2,220, July 2,205 bid, Sept 2,171-2,183, Dec 2,067-2,090, March 2,080 bid, May 2,129 asked, July 2,125 asked.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 611, 612, 611-510; Aug 533, 535, 533-532; Oct 534, 536, 535-535; Dec 535, 538, 537-536; Jan 535, 539, 538-537; Mar 548, 550, nil; May 552, 555, 554-552; Aug 566, 568, 566-565; Oct 567, 573, 567. Sales: 55.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar recovers from early lows

The dollar finished at its best level of the day in currency markets yesterday, having fallen below the important DM 3.00 level against the D-mark in early trading. While dollar sentiment remained a little bearish, the U.S. unit found good support below DM 3.00 and it soon bounced back from a low of DM 2.9930, having stayed below DM 3.00 for only a very short time. It closed at DM 3.0300, up from DM 3.0250 on Monday.

U.S. statistics released included a rise in housing starts and a 0.3 per cent rise in industrial production. While a little below market expectations, the later figure was judged to be better than some of the more bearish forecasts and consequently failed to push the dollar weaker. Much will now depend on tomorrow's release of revised first quarter GNP figures.

Elsewhere the dollar rose to SwFr 2.5295 from SwFr 2.5255 and FFr 9.2475 compared with FFr 9.23. It was slightly down against the yen however at Y249.50 from Y249.90. On Bank of England figures, the dollar's exchange rate index closed at 144.0, unchanged from Monday.

STERLING — Trading range against the dollar in 1985 is 1.2750 to 1.0525. March average 1.1260. Exchange rate index 79.1 against 79.3, having touched a best level at the opening of 79.6. The six months ago figure was 75.5.

Sterling finished at its lowest level of the day as profit taking developed after its recent gains. The pound was offered even when the dollar was weak, suggesting a period of consolidation after a rise against the dollar of around 22 cents in less than two omnths. It was unchanged against the dollar at $1.2750 and DM 3.8575 but fell against the Swiss franc to SwFr 3.1250 from SwFr 3.2200 and Y318 from Y319. It was slightly firmer against the French franc at FFr 11.7825 from FFr 11.7800.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 3.0250. March average 3.2972. Exchange rate index 122.7 against 119.9 six months ago.

Short covering and late profit taking enabled the dollar to move back to over DM 3.00 in Frankfurt yesterday. It received some support from a rise in U.S. housing starts but there was still little optimism on the longer term prospects for the dollar. Much will now depend on tomorrow's revised first quarter GNP figures. The dollar was fixed at DM 3.0090 from DM 3.0300, its lowest fixing level since November last year and there was no intervention by the Bundesbank.

STERLING EXCHANGE RATE INDEX

	April 16	Previous
8.30 am	79.6	78.1
9.00 am	79.4	78.3
10.00 am	79.4	78.3
11.00 am	79.3	79.2
Noon	79.3	79.2
1.00 pm	79.3	79.0
2.00 pm	79.2	79.3
3.00 pm	79.2	79.1
4.00 pm	79.1	79.3

£ in New York

	April 16	prev. close
£ Spot	$1.2745-1.2755	$1.2685-1.2710
1 month	0.47-0.45pm	0.44-0.42pm
3 months	1.14-1.09pm	1.12-1.09pm
12 months	2.10-1.95pm	2.17-2.10pm

Forward premiums and discounts apply to the U.S. Dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.0975	+0.44	+0.55	±1.5522
Danish Krone ...	8.14104	8.03434	−1.31	−1.20	±1.6419
German D-Mark	2.24184	2.23742	−0.20	−0.09	±1.1475
French Franc ...	6.87456	6.83038	−0.64	−0.53	±1.3660
Dutch Guilder ...	2.52595	2.53051	+0.18	+0.29	±1.5171
Irish Punt	0.72569	0.715069	−1.46	−1.35	±1.6703
Italian Lira	1403.49	1430.75	+1.94	+1.94	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST POUND

April 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2710-1.2930	1.2745-1.2755	0.48-0.45c pm	4.38	1.15-1.10pm	3.53
Canada	1.7300-1.7503	1.7300-1.7350	0.49-0.40c pm	3.08	1.09-0.95pm	2.35
Nethlnd.	4.34½-4.39	4.36-4.37	2⅛-2⅛c pm	6.19	6-5⅞pm	5.38
Belgium	77.40-78.25	77.75-77.85	25-19c pm	3.39	56-46pm	2.62
Denmark	13.82¼-13.88	13.85-13.86	3⅛-2⅞ore pm	2.49	7⅛-6⅞pm	1.97
Ireland	1.2285-1.2376	1.2300-1.2320	0.05p pm-0.05 dis	—	.05pm-.14dis	−.15
W. Ger.	3.84½-3.87¾	3.85¾-3.86¾	2½-2⅜pf pm	7.58	6⅞-6pm	6.35
Portugal	216¼-221¼	216½-220½	145-540c dis	−18.81	515-1545dis	−18.95
Spain	215-216	215½-216	5-20c dis	−0.70	60-95dis	−1.44
Italy	2,451-2,487¾	2,466½-2,467½	par-3lire dis	−0.73	8-12dis	−1.62
Norway	11.15-11.19¾	11.16-11.17	½ore pm-½ dis	−0.70	¼-1¼dis	−0.01
France	11.71½-11.84	11.77¾-11.78¾	2½-2¼c pm	2.42	5¼-4⅞pm	1.65
Sweden	11.25¾-11.32½	11.25¾-11.26¾	½-1½ore dis	−0.87	3½-3¾dis	−1.44
Japan	317-321	317½-318½	1.88-1.78y pm	6.91	4.76-4.63pm	5.91
Austria	27.03-27.20	27.09-27.19	13¾-12¾gro pm	5.80	36¾-33pm	5.10
Switz.	3.19¾-3.23¼	3.21-3.22	2¼-2⅛c pm	8.16	5¾-5⅛pm	6.84

Belgian rate is for convertible francs. Financial franc 77.80-77.90.
Six-month forward dollar 1.75-1.70c pm. 12-month 2.05-1.90pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

April 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2710-1.2930	1.2745-1.2755	0.48-0.45c pm	4.38	1.15-1.10pm	3.53
Ireland†	1.0315-1.0440	1.0340-1.0360	0.40-0.35c pm	4.34	1.00-0.90pm	3.66
Canada	1.3580-1.3604	1.3580-1.3600	0.15-0.18cdis	−1.46	0.38-0.43dis	−1.19
Nethlnd.	3.3930-3.4340	3.4290-3.4300	0.53-0.50c pm	1.81	1.58-1.55pm	1.84
Belgium	60.40-61.10	61.00-61.10	6-7c dis	−1.27	15-17dis	−1.04
Denmark	10.75-10.88	10.87¼-10.87¾	1-1½ore dis	−1.38	2½-3dis	−1.02
W. Ger.	2.9930-3.0340	3.0295-3.0305	0.81-0.76pf pm	3.13	2.17-2.12pm	2.85
Portugal	168½-170½	169-170	175-475c dis	−22.97	550-1350dis	−22.39
Spain	167.35-169.15	168.50-168.90	65-73c dis	−4.92	190-210dis	-4.76
Italy	1,917-1,937	1,936-1,937	8½-9lire dis	−5.45	25-25¾dis	−5.26
Norway	8.68½-8.78	8.76¾-8.76¾	2¾-3½ore dis	−4.13	7¾-8¾dis	−3.67
France	9.13-9.25	9.24½-9.25	1.43-1.53c dis	−1.93	4.20-4.50dis	−1.89
Swedn	8.78-8.87	8.83¾-8.84¾	3½-4ore dis	−5.11	10¾-11¼dis	−4.99
Japan	247.70-250.10	249.45-249.55	0.57-0.53y pm	2.65	1.52-1.47pm	2.40
Austria	21.06-21.25	21.20-21.25	3½-2¾gro pm	1.63	9¾-7¾pm	1.65
Switz.	2.4830-2.5380	2.5290-2.5300	0.87-0.81c pm	4.03	2.22-2.16pm	3.50

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 61.00-61.10.

OTHER CURRENCIES

Apr. 16	£	$		£ Note Rates
Argentina Peso...	501.06-501.91	391.48-391.81	Austria	27.00-27.30
Australia Dollar...	1.9225-1.9265	1.4996-1.5015	Belgium	77.85-78.65
Brazil Cruzeiro...	6,003-6,034	4,690-4,710	Denmark	13.80-13.95
Finland Markka...	8.0990-8.1216	6.3100-6.3120	France	11.71-11.82
Greek Drachma...	166.97-168.92	129.94-132.66	Germany	3.84-3.88
HongKong Dollar	9.9575-9.9675	7.7800-7.7680	Italy	2465-2500
Iran Rial...	118.50*	93.40*	Japan	318-322
KuwaitDinar(KD)	0.3850-0.3866	0.30065-0.30075	Netherlands	4.34-4.38
Luxembourg Fr.	77.75-77.85	61.00-61.10	Norway	11.15-11.25
Malaysia Dollar...	3.1250-3.1350	2.4450-2.4500	Portugal	214-225
New Zealand Dlr.	2.7900-2.8100	2.1810-2.1880	Spain	209½-219
Saudi Arab Riyal	4.6280-4.6385	3.6100-3.6110	Sweden	11.25-11.36
Singapore Dollar	2.8075-2.8175	2.1945-2.1975	Switzerland	3.19-3.25
Sth African Rand	2.4055-2.4215	1.8795-1.8870	United States	1.27-1.29
U.A.E. Dirham...	4.7075-4.7165	3.6730-3.6730	Yugoslavia	310-360

* Selling rate.

CURRENCY MOVEMENTS

Apr. 16	Bank of England Index	Morgan Guaranty Change %
Sterling	79.1	−10.5
U.S. dollar	144.0	+29.7
Canadian dollar	88.0	−5.4
Austrian schilling	113.4	+4.3
Belgian franc	89.6	−10.9
Danish Kroner	78.1	−4.8
Deutsche mark	122.7	+6.8
Swiss franc	141.4	+8.6
Guilder	112.6	+2.8
French franc	65.3	−15.5
Lira	45.6	−16.6
Yen	154.6	+11.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

April 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.780429	0.580436
U.S. $	8	1.00090	0.742957
Canadian $	10.32	*	1.01079
Austria Sch.	4½	N/A	15.7247
Belgian Fr.	11	60.7847	45.0975
Danish Kr	7	10.8122	8.03434
Dmark	4½	3.01171	2.23742
Guilder	5½	3.41257	2.53051
French Fr.	9½	9.20478	6.83038
Lira	15½	1928.13	1430.75
Yen	5	250.375	185.048
Norway Kr.	8	8.74086	6.49416
Span'h Pta.	—	168.251	124.965
Swedish Kr.	9	8.80742	6.55102
Swiss Fr.	4	2.50375	1.85466
Greek Dr'ch	20½	N/A	97.7434
Irish Punt	12¾	0.963330	0.715069

* C$/SDR rate for April 15: 1.35904

EXCHANGE CROSS RATES

April 16	Pound St'rling	U.S. Dollar	Deutschem'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.275	3.858	318.0	11.78	3.215	4.365	2467.	1.733	77.80
U.S. Dollar	0.784	1.	3.030	249.5	9.248	2.530	3.430	1937.	1.359	61.05
Deutschemark	0.259	0.331	1.	82.44	3.054	0.833	1.132	639.5	0.449	20.17
Japanese Yen 1,000	3.145	4.009	12.13	1000.	37.05	10.11	13.73	7758.	5.448	244.7
French Franc 10	0.849	1.082	3.274	269.9	10.	2.729	3.705	2094.	1.470	66.03
Swiss Franc	0.311	0.397	1.200	98.91	3.665	1.	1.358	767.3	0.539	24.20
Dutch Guilder	0.229	0.292	0.884	72.85	2.699	0.737	1.	565.2	0.397	17.82
Italian Lira 1000	0.405	0.517	1.564	128.9	4.776	1.303	1.769	1000.	0.702	31.54
Canadian Dollar	0.577	0.736	2.227	183.5	6.801	1.856	2.519	1424	1.	44.91
Belgian Franc 100	1.285	1.639	4.958	408.7	15.14	4.132	5.611	3171.	2.227	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Apr. 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	13⅝-13¾	8 7/16-8 9/16	9⅛-10	6 11/16-6 13/16	1⅝-1⅞	5 7/16-5 9/16	10⅝-10½	12-13	9¾-10¼	9⅞-10⅛	6 1/16-6 3/16	9⅞-10⅜
7 day's notice	13⅜-13⅝	8 7/16-8 9/16	9½-10	6¾-6⅞	1⅝-1⅞	5⅛-5⅝	10⅜-10½	13¼-14¼	9¾-10¼	9⅞-10⅛	6 1/16-6⅛	10⅛-10⅝
Month	12¾-13⅞	8½-8⅝	9 11/16-9 13/16	6 11/16-6 13/16	4⅞-5	5 7/16-5 11/16	10½-10⅝	13⅝-14¼	9¾-10	9¾-10	5⅛-6 3/16	9½-10
Three months	12⅜-12½	8⅝-8¾	9¾-10	6 11/16-6 13/16	5 1/16-5 3/16	5¾-5⅞	10⅝-10¾	14-14½	9¾-10	9¾-10	6 1/16-6⅝	9¾-10¼
Six months	11⅞-12	8⅞-9	9⅞-10⅛	6 11/16-6 13/16	5¼-5⅜	5 13/16-6 1/16	10¾-10⅞	14⅜-14¾	9⅞-10⅛	9⅞-10⅛	6⅜-6 7/16	9¾-10¼
One year	11½-11⅝	9⅛-9⅝	9 15/16-10 3/16	6⅞-7	5 13/16-5 15/16	6-6⅛	11¼-11½	14⅞-15⅛	9⅞-10⅛	10⅛-10⅜	6⅝-6 15/16	10⅛-10⅝

Asian $ (closing rates in Singapore): Short-term 8 9/16-8 11/16 per cent; seven days 8 9/16-8 11/16 per cent; one month 8 9/16-8 11/16 per cent; three months 8 11/16-8 13/16 per cent; six months 9-9⅛ per cent; one year 9½-9⅝ per cent. Long-term Eurodollars: two years 10½-10⅝ per cent; three years 11-11⅛ per cent; four years 11¼-11½ per cent; five years 11½-11¾ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Eurodollars rise

Dollar denominated interest rate contracts reacted to yesterday's U.S. economic figures on the London International Financial Futures Exchange yesterday, while sterling contracts tended to closely follow the fortunes of the pound on the foreign exchanges. June delivery Eurodollars opened above the previous Chicago close, breaking through resistance levels, as rumours circulated that the afternoon's U.S. industrial production figures would be much lower than market expectations of a rise in the region of 0.5 per cent. The contract touched a peak of 90.95, and showed strong resilience when the published rise of 0.3 per cent in industrial production proved nearly in line with earlier forecasts. A larger than expected rise of 16.2 per cent in March U.S. housing starts initially provoked selling, but this was steemmed by a revised fall of 11.8 per cent in February, against an earlier figure of 11 per cent, and as June Eurodollars closed at 90.92, compared with 90.77 on Monday, dealers suggested the contract is moving to higher ground.

Similar sentiment surrounded U.S. Treasury bond futures. The June contract rose to a peak of 71-12 and finished at 71.09 against 70.22 previously.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	90.92	90.95	90.82	90.77
Sept	90.37	90.42	90.28	90.21
Dec	89.88	89.90	89.81	89.72
March	89.50	89.52	89.44	89.33
June	89.17	89.17	89.10	89.03

Est volume 8,761 (4,152)
Previous day's open int 16,946 (16,476)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
June	88.57	88.74	88.55	88.49
Sept	89.12	89.30	89.10	89.14
Dec	89.26	89.40	89.22	89.25
March	89.21	89.34	89.21	89.26
June	89.21	89.24	89.21	89.26

Est volume 2,892 (3,460)
Previous day's open int 6,272 (5,687)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	107-18	107-26	107-11	107-19
Sept	111-05	—	—	111-13
Dec	111-05	—	—	111-15
March	110-26	—	—	111-04

Est volume 2,723 (3,206)
Previous day's open int 3,152 (2,819)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) −24 to −12 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.2685	1.2835	1.2685	1.2721
Sept	1.2615	1.2690	1.2660	1.2650
Dec	1.2580	—	—	1.2600

Est volume 189 (1,488)
Previous day's open int 7,676 (6,506)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3327	0.3360	0.3320	0.3327
Sept	0.3351	—	—	0.3351

Est volume 182 (146)
Previous day's open int 273 (233)

SWISS FRANCS SwFr 125,000
$ per SwFr

	Close	High	Low	Prev
June	0.3985	—	—	0.3983

Est volume nil (2)
Previous day's open int 157 (157)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.4023	0.4038	0.4019	0.4017
Sept	0.4049	—	—	0.4043

Est volume 3 (9)
Previous day's open int 388 (569)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
June	129.35	129.95	128.90	129.35
Sept	130.00	—	—	130.00

Est volume 227 (249)
Previous day's open int 1,065 (1,118)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	71-09	71-12	71-00	70-22
Sept	70-08	70-10	70-08	69-22

Est volume 2,150 (1,030)
Previous day's open int 3,295 (3,300)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	71-07	71-12	71-03	70-31
Sept	70-07	70-12	70-03	69-31
Dec	69-11	69-15	69-09	69-04
March	68-19	68-21	68-19	68-11
June	67-28	67-30	67-28	67-21
Sept	—	—	—	67-01
Dec	66-22	66-23	66-22	66-15
March	66-05	—	—	65-31
June	—	—	—	65-17
Sept	—	—	—	—
Dec	—	—	—	64-24

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	91.87	91.91	91.82	91.80
Sept	91.41	91.47	91.35	91.31
Dec	90.96	91.03	90.93	90.88
March	90.63	90.65	90.62	90.53
June	90.35	90.35	—	90.27
Sept	90.10	90.10	—	90.06
Dec	89.86	89.86	—	89.83
March	89.64	89.64	—	89.60

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	91.27	91.30	91.12	91.16
Sept	90.72	90.78	90.70	90.59
Dec	90.20	90.23	90.19	90.08
March	89.82	89.83	89.82	89.69

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	90.91	90.93	90.82	90.77
Sept	90.35	90.41	90.27	90.20
Dec	89.84	89.90	89.78	89.71
March	89.44	89.49	89.37	89.32
June	89.12	89.14	89.05	89.00
Sept	88.87	88.87	88.86	88.72
Dec	88.60	88.60	88.60	88.47
March	88.30	88.30	88.24	88.22

STERLING (IMM) $s per £

	Latest	High	Low	Prev
June	1.2735	1.2765	1.2700	1.2670
Sept	1.2685	1.2705	1.2650	1.2600
Dec	1.2650	1.2655	1.2605	1.2580
March	—	—	—	1.2265
June	—	—	—	—
Sept	—	—	—	1.2505

GNMA (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	69-25	69-26	69-22	69-23
Sept	69-01	69-03	68-30	68-31
Dec	—	—	—	68-11
March	—	—	—	—
June	—	—	—	67-09
Sept	—	—	—	66-27

MONEY MARKETS

Technical factors dominate a quiet day

Make-up days tended to dominate sentiment on the London money market yesterday. Today is monthly published figure day for banks, and for this reason dealers suggested the authorities were probably happy to see a sharp fall in the inter-bank overnight rate to as low as 5 per cent at the close, since earlier levels of around 15 per cent would have led to unwelcomed arbitrage opportunities. Several discount houses were also pleased with the terms of part of the afternoon repurchase agreement, as bills sold yesterday will be returned to them on their annual make-up day of April 30. The attraction of this offer may have been responsible for the slightly higher rate paid by some houses at that time. Although the Bank of England appears to be resisting any further early cut in bank base rates money market rates continued to fall, particularly for the longer periods. Three-month interbank closed at 12⅛-12¼ per cent compared with 12 7/16-12 5/16 per cent, and discount houses buying rates for three-month bank bills fell to 12 1/32-12 1/16 per cent from 12⅛-12 3/16 per cent.

The Bank of England forecast a market shortage of £1,200m, but revised this to £1,250m at noon, and to £1,350m in the afternoon. Total help provided during the day was £1,354m.

An early round of assistance was offered, but at that time the authorities bought only £5m bills for resale to the market on May 13 at 12¾ per cent. Before lunch another £28m bills were purchased on similar terms, and £146m bills outright, by way of £142m bank bills in band 1 (up to 14 days maturity) at 12⅞ per cent; and £4m bank bills in band 2 (15-33 days) at 12¾ per cent.

In the afternoon further help of £1,175m was provided. This included £340m bills bought outright, through £131m bank bills in band 1 at 12⅞ per cent; and £209m bank bills in band 2 at 12¾ per cent. Another £593m bills were purchased for resale on April 30 at 12⅞-12 15/16 per cent, and £242m bills for resale on May 13 at 12¾ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £373m, with the unwinding of repurchase agreements absorbing £407m; Exchequer transactions £345m; and bank balances below target £125m. These outweighed a fall in the note circulation adding £75m to liquidity.

UK clearing banks base lending rate 12¾-13 per cent since April 12

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Apr. 16 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	5-15⅛	13¾-13⅞	12-14	5-13¼	—	—	—	—	—
2 days notice	—	—	13⅛-13¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13¼-13¾	13⅛-13¼	13¾-14	13-13¼	—	—	—	—	—
One month	12⅞-12¾	12 13/16-13	12⅞	13⅛-13¼	12½	12⅝	12½	12⅝	12½	13¼
Two months	12 13/16-12 11/16	12½-12¾	12½	12¾	12¼	12¼	12⅛	12¼	12⅛	12⅞
Three months	12 5/16-12 3/16	12 5/16-12⅛	12¼	12⅝	12	12	11⅞	12 1/32-12 1/16	11 15/16-11 13/16	12½
Six months	11⅞-11¾	11⅞-12⅛	11 13/16	—	—	—	—	11⅝	11¼-11⅛	12
Nine months	11⅝-11½	11 11/16-11 9/16	—	—	—	—	—	—	—	—
One year	11½-11⅜	11 9/16-11 7/16	11 7/16	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	13¼-13⅛	—	12 13/16	8.45-8.55	8¼-8½	9 7/16-9 9/16
Two months	13⅛-12¾	—	12 11/16	8.52-8.62	8 7/16-8 9/16	9¼-9⅜
Three months	12⅞-12⅛	—	12 9/16	8.5-8.7	8 9/16-8 11/16	9¼-9⅜
Six months	12⅝-12	—	12	8.75-8.85	8⅝-8¾	9⅝-9¾
Nine months	12¼-11⅞	—	11¾	9.15-9.25	—	—
One year	12⅛-11¾	—	11 11/16	9.35-9.45	8⅞-9⅛	9⅞-10
Two years	—	11 11/16	—	—	—	—
Three years	—	11½	—	—	—	—
Four years	—	11½	—	—	—	—
Five years	—	11⅝	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period March 6 to April 2 (inclusive): 13.618 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 14 per cent from April 1, 1985. London and Scottish Clearing Bank Rates for lending 12¾-13 per cent. London Deposit Rates for sums at seven days' notice 7-7½ per cent (net). Treasury Bills: Average tender rates of discount 11.8926 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 13 per cent: one-three months 12½ per cent; three-six months 12¼ per cent; six-nine months 12 per cent; nine-12 months 11¾ per cent. Under £100,000 11 per cent from April 17. Deposits held under Series 5 11¾ per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

April 16	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.40-5.60	10⅛	1¼-1¾	6⅜-6½	6.03125	15¼-15⅝	7.40	13½-13¾
One month	5.70-5.85	10½-10⅝	4⅞-5⅛	6¾-6⅞	6.21875	14⅞-15¼	9¾-10	13⅜-13⅝
Two months	5.80-5.95	10½-10⅝	—	—	—	—	—	13¼-13½
Three months	5.95-6.05	10½-10⅝	5⅛-5⅜	6 11/16-6 13/16	6.28125	15⅛-15½	9⅞-10⅛	13⅛-13⅜
Six months	6.00-6.15	10½-10⅝	—	6 11/16-6 13/16	—	—	9⅞-10⅛	13-13¼
Lombard	6.0	—	—	—	—	—	—	—
Intervervention	—	10⅛	—	6⅞	—	—	—	—

FT LONDON INTERBANK FIXING

(11.00 a.m. April 16)

Three months U.S. dollars	
bid 8 5/8	offer 8 3/4

Six months U.S. dollars	
bid 8 7/8	offer 9

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	9½
Fed funds	8¾
Fed funds at intervention	—

Treasury Bills

One month	7.75
Two month	7.85
Three month	8.00
Six month	8.20
One year	8.39

Treasury Bonds

Two year	101 5/32
Three year	100 7/32
Four year	101 1/32
Five year	101 21/32
Seven year	102 21/32
10 year	99¾
30 year	99 11/32

Announcements

THE PUBLISHERS ASSOCIATION is holding its biennial reception on Wednesday 17 April, from 5.30-8.00 p.m., at Skinners' Hall, 8½ Dowgate Hill, London EC4, to mark the completion of Mr. Philip Attenborough's two-year term as President.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 16.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Amex Credit 12⅝ 88	150	103⅛	103⅝	0	+1½	11.34
Austria Rep 13⅝ 92	100	107¼	107¾	+0⅛	+1¼	11.59
Bank Of Tokyo 12⅞ 92	100	101½	102	+0⅛	+1½	12.20
Bank of Tokyo 13⅝ 91	100	107¼	107¾	+0⅜	+2⅛	11.82
BP Capital 11⅛ 92	150	97⅝	98⅛	+0⅜	+2	11.57
Caisse Nat Tele 13¾ 91	100	108	108½	+0¾	+2¼	11.77
Canada 11½ 90	500	101¼	101¾	0	+1½	11.08
Canadian Pac 12½ 99	75	102¾	103¼	0	+0⅝	12.03
CBS Inc 11⅜ 92	100	97⅞	98⅜	+0⅛	+1¼	11.73
Chevron U.S.A. 12¼ 89	600	102⅜	102⅞	+0⅛	+2⅛	11.42
Coca Cola 11¾ 91	100	102¼	102¾	+0¼	+1¾	11.15
Creditanstalt 13⅛ 91	100	104	104½	+0¼	+2¼	12.08
Denmark Kindom 11½ 92	100	97¾	98¼	+0⅞	+1¾	11.83
Denmark Kingdom 13 91	100	104⅜	104⅞	+0⅛	+2	11.88
Denmark Kingdom 13¼ 91	100	104⅞	105⅜	+0⅛	+1⅞	12.02
Denmark 13⅞ 88 XW	100	106⅛	106⅝	−0⅛	+1¾	11.49
Denmark Kingdom 14 91	100	107⅞	108⅜	+0¾	+2¼	12.04
E.E.C. 11⅛ 90	100	98¼	98¾	+0¼	+0⅝	11.52
E.I.B. 13 98	200	104⅜	104⅞	+0¼	+2⅛	12.29
Ex-Im Bk Japan 13¼ 91	75	107⅞	108⅜	+0¼	+1⅞	11.33
Export Dev Corp 12 89	100	102½	103	+0⅛	+1⅝	11.15
Exxon Capital Corp 0 2004	1800	11⅝	12⅛	−0¼	+0⅝	11.50
Ford Motor Cred 11⅝ 95	100	95⅜	95⅞	+0⅜	+1⅜	12.41
IBM Credit 10¾ 2000	300	98	98½	+0⅛	+1⅝	10.69
IBM Credit Corp 11¾ 87	200	102¾	103¼	0	+0¾	10.24
Indust Bk Japan 12⅞ 89	100	104⅜	104⅞	+0⅛	+1½	11.44
Indust Bk Japan 13⅞ 91	125	108⅛	108⅝	+0⅛	+1	11.86
Int-Am Dev Bk 12¾ 91	150	103½	104	+0⅛	+2	11.86
Japan Air Lines 13⅜ 94	180	110¾	111¼	+0¼	+1⅞	11.37
Kellogg Company 10⅞ 90	100	98⅝	99⅛	0	+1¼	11.16
Kellogg Company 11¼ 92	100	101⅛	101⅝	+0⅛	+1⅜	10.93
L.T.C.B. 12⅞ 91	100	103⅞	104⅜	+0¼	+1⅝	11.89
Macy Cred Corp 11¾ 95	100	98⅝	99⅛	+0⅛	+2	11.93
Mellon Bank 13 87	100	104⅛	104⅝	+0⅛	+1¼	10.74
Merrill Lynch 12¾ 89	100	103	103½	0	+1¼	11.72
Minnesota 11½ 87	100	101	101½	0	+0¾	10.83
Mitsubishi Corp 13¼ 89	100	107⅜	107⅞	0	+1¼	10.89
Montagu 13¼ 91	100	†104	104½	−0¾	+0⅝	12.21
Morgan Guaranty 12⅜ 89	150	102⅞	103⅜	0	+1½	11.40
Nippon Cred Bk 13⅞ 89	100	106⅝	107⅛	+0¼	+1½	11.68
Nth America 12⅞ 91	100	104⅛	104⅝	+0⅛	+1⅜	11.83
Penney J.C. 12¾ 91	100	103¾	104¼	−0⅛	+1	11.79
Pru Realty secs 12⅛ 95	546	102⅛	102⅝	+0¼	+1⅞	11.68
Quebec Hydro 11½ 92	100	†98⅛	98⅝	+0⅜	+1⅜	11.80
Ralston Purina 12¾ 89	100	104⅛	104⅝	+0¼	+1½	11.48
Royal Bk Can 12¾ 92 XW	100	†101¼	102¼	+0½	+0⅞	12.33
Saskatchewan 10 3/4 92	100	96	96½	+0⅝	+2	11.58
Saskatchewan 11 7/8 89	100	102¼	102¾	0	+1½	11.11
S.N.C.F. 12⅜ 92 XW	100	101⅛	101⅝	+0⅛	+1⅜	12.06
Statoil 13½ 89	100	107⅝	108⅛	+0¼	+2⅛	11.65
Swed Exp Cred 12¾ 89XW	100	103⅝	104⅛	+0⅛	+1⅜	11.53
Sweden Kingdom 11½ 89	200	100¾	101¼	+0¼	+1⅝	11.17
Sweden Kingdom 11¾ 94	100	99⅝	100⅛	+0¼	+1⅝	11.78
Texaco Capital 12⅞ 87	300	103⅜	103⅞	+0⅛	+1⅛	10.98
Texaco Capital 13½ 89	200	106	106½	+0¼	+2¼	11.63
Toronto Dom Bk 12½ 89	100	†101½	102½	+0¼	+0½	11.88
Walt Disney Pro 12½ 87	150	103½	104	0	+1½	10.61
Weyerhaeuser 12¼ 87	150	101⅞	102⅜	0	+0⅝	11.15
World Bank 12¼ 94	150	102⅝	103⅛	0	+1⅝	11.71
World Bank 12⅞ 94	200	106	106½	+0⅜	+2⅛	11.71

Average price change On day +0⅛ on week +1⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev Bank 8 94	200	101⅜	101⅞	+0⅛	+0½	7.74
Austria,Republic 7⅝ 94	200	100½	101	+0⅛	+0½	7.50
Baxter Travenol 7¼ 94	200	98¾	99¼	+0¼	+0½	7.40
Credit National 8⅛ 94	200	102⅞	103⅜	+0¼	+0⅞	7.62
Degussa Int Fin 7½ 94	100	100¾	101¼	+0⅜	−0⅜	7.33
E.E.C. 8 92	200	102¼	102¾	+0¼	+0¾	7.51
Escom 8 92	150	101¾	102¼	+0⅜	+0½	7.62
Ferrovie Dello Stato 8 91	100	102¾	103¼	−0¼	+0½	7.36
Finland Republic 7 92	200	97¼	98	−0⅛	+0⅜	7.45
Gould Int Fin 7⅝ 91	100	101	101½	0	0	7.36
Ireland 8⅛ 92	150	102¼	102¾	+0⅛	−0⅛	7.65
Japan Fin Corp 7⅝ 91	100	101½	102	0	+0¼	7.26
Mitsubishi Hvy 3½ 89WW	300	104⅞	105⅞	−0⅜	0	2.67
Mitsubishi Hvy 3½ 89XW	300	91	92	+0⅛	−0¼	5.97
Mitsubishi Met 3⅛ 89WW	100	96	97	−1½	−2½	3.98
Mitsubishi Met 3⅛ 89XW	100	85⅝	86⅜	0	+0¾	6.70
O.K.B. 7½ 88	100	100	100¾	+0⅛	+0⅛	7.26
Pepsico O/S Fin 7¼ 94	250	100	100¾	0	+0½	7.19
Renown 3⅛ 90	80	92⅝	93⅜	−1¾	−1⅝	4.67
Reynolds O/S Fin 7⅜ 94	125	101¾	102¼	+0¼	+1	7.18
Societe Cent Nuclear 8 91	100	101½	102	0	+0⅛	7.63
Sth Africa Rep 8½ 91	200	100⅜	100⅞	0	−0⅞	8.36
Sth African Tran 7⅝ 92	100	96½	97	+0⅛	+0¾	8.29
World Bank 7¾ 89	100	101	101¾	−0⅛	+0¼	7.31
World Bank 8 94	200	102½	103½	−0⅛	+0¼	7.52

Average price change On day 0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
African Dev Bk 6¼ 94	100	†100¾	101	0	−0¼	6.12
Asian Dev Bank 6⅛ 96	100	†100¾	101	−1¼	−0¼	6.01
Avon Cap Corp 5⅝ 94	130	†97¾	98	0	+0¼	5.88
Brit land Comp 6½ 99	75	†103½	103¾	+0¼	−0¼	6.11
Council of Europe 6 92	120	†101	101¼	−0¼	+0½	5.81
Creditanstalt 5½ 94	100	†96¾	97	+0¼	0	5.93
Deutsche Bk Fin 5⅜ 95	100	†99¼	99½	0	+0¼	5.46
E.I.B. 5⅞ 94	120	†100	100¼	0	+0¼	5.85
Eurofima 5 97	100	†98¾	99	−0¼	0	5.13
Eurofima 5¼ 96	100	†100	100¼	−0½	0	5.23
Export Dev Corp 5⅜ 92	125	†98¾	99½	0	+0⅛	5.52
First Boston Inc 5¾ 94	80	†100½	100¾	−0½	−0¼	5.66
Gen Occidentale 4½ 94	80	†101½	101¾	0	+0¾	4.29
I C Industries 5⅝ 94	125	†98¾	99	0	+0¾	5.78
Ind Fund Fin 5¾ 94	40	†99½	99¾	+0½	+1	5.80
Int-Am Dev Bk 6⅛ 94	120	†101	102	−0⅝	+0⅜	5.91
New Zealand Govt 5¾ 94	150	†100¼	100½	−0¼	−0¼	5.69
N.Zealand steel 5¾ 96	70	†98½	98¾	+0¾	+1½	5.91
Oberoc Kitwk 5⅜ 95	100	†97	97¼	0	0	5.78
Ost Donaukraft 5⅜ 95	70	†98½	98¾	0	+0½	5.56
Ralston Purina 5⅜ 94	125	†98¼	98½	0	+0¼	5.58
Santos Finance Ltd 6 94	130	†98½	98¾	+0¼	+0¾	6.19
Tokyo Elec Pwr 5½ 93	120	†99¼	99½	+0½	+0½	5.60
Tokyo Metropolis 5¼ 94	80	†96¼	96½	−0¼	+0¼	5.74
World Bk 5¾ 94	150	†100	100¼	+0½	+0½	5.73

Average price change On day 0 on week +0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Allied Corp 6¾ 91	10	97⅝	98⅛	+0¼	+0⅜	7.15
BP Overzee 7 92	17	99½	100	0	+0½	7.04
Dow Chemical 7 94	50	99⅝	100⅛	+0⅛	+0¼	7.01
Fed Natl Mort 6⅞ 92	50	98	98½	+0⅛	+0⅜	7.20
World Bank 6⅝ 94	20	95⅞	96⅜	0	+0¼	7.19

Average price change On day +0⅛ on week +0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Bk Of Tokyo 10⅞ 92 CS	75	†99	100	0	0	10.97
Bell Canada 12¼ 97 CS	125	†99⅜	99⅞	−0⅛	−0⅛	12.31
British Columbia 12 90 CS	125	†100¼	100¾	0	0	11.88
Can Nat Rail 12½ 95 CS	100	†101¼	101¾	0	0	12.23
Denmark 11⅝ 91 CS	100	†*95¾	96¼	0	+0½	12.81
Desjardins 12½ 90 CS	50	†99¼	99¾	0	0	12.62
E.I.B. 12 95 CS	75	†98	98½	−0⅛	−0⅛	12.30
Mt'l Urban 11¾ 95CS	75	†94¼	94¾	0	+0¼	12.75
Giro Und Bk 10½ 93 ECU	60	105¼	105¾	−0⅝	−0¾	9.52
World BK 10¼ 89 ECU	125	105⅛	105⅝	−0¼	−0¼	8.76
World Bk 10⅝ 94 ECU	75	106⅛	106⅞	0	0	9.54
Akzo 7 90 FL	150	97¾	98¼	0	0	7.59
Algemene Bk 7¾ 89 FL	150	101⅛	101⅝	−0⅛	−0½	7.36
Amro Bank 7¼ 89 FL	150	98⅛	98⅝	+0¼	+0⅛	7.68
Dai-ichi 8½ 89 FL	50	102	102½	+0⅛	+0⅛	7.85
Friesch-Gron 8¼ 89 FL	50	100¼	100¾	+0⅜	+0¾	8.09
Charbonnages 13⅞ 85 FF	400	101⅛	102⅛	+0⅛	−0⅛	10.96
American Brands 12 95 £	40	105⅜	105⅞	0	+0⅛	11.02
Amer Express 11⅜ 92 £	30	101½	102	+0⅝	+1¼	11.09
BP Capital 10¾ 92 £	50	96⅞	97⅜	+0¼	+0⅜	11.31
CBS Inc 10⅞ 94 £	40	96⅜	96⅞	−0¼	+0⅝	11.45
E.I.B. 11⅛ 93 £	50	97	97½	0	+0¼	11.67
Grand Met 10⅞ 90 £	50	96⅞	97⅜	+0½	+0⅞	11.59
Norsk Hydro 11⅝ 91 £	50	103⅜	103⅞	+0⅜	+0⅛	10.75
Privatbanken 11⅞ 92 £	20	97⅝	98⅛	+0¼	+0¼	12.34
Reed Int'l 11⅜ 94 £	30	96⅛	96⅝	−0⅛	+0⅛	12.00
Ryl Bk Canada 10⅞ 91 £	40	96⅜	96⅞	−0⅛	+0¼	11.80
Royal Trustco 11⅜ 90 £	30	98⅝	99⅛	+0⅜	+0¼	11.68
Ster Drug Cap 10⅞ 90 £	30	98½	99	+0¼	+0¼	11.21
Swed Exp Cred 11⅜ 92 £	50	98⅞	99⅜	+0⅛	+0⅛	11.56
World Bank 10 5/8 89 £	50	98⅛	98⅝	−0⅛	+0⅛	11.05
World Bank 11 94 £	50	97⅞	98⅜	0	0	11.61
E.C.S.C. 10½ 94LF	100	102⅛	103⅛	−0¼	+0¼	10.03
Nat Lux Alum 10½ 92 LF	600	102½	103½	−0¼	−0¼	9.89

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.B.L. Int 5 99	0⅛	100⅛	100⅜	11/4	11.69	11.66
BankAmerica O/S 5¼ 96	0⅛	100⅛	100⅜	28/6	8.81	8.79
Bank of Montreal 5 96	0⅛	100½	100¾	26/4	8½	8.45
Bankers Trust 5¼ 96	0⅛	100¼	100½	13/5	9.31	9.28
Barclays O/S Inv 5 2004	0⅛	100¼	100½	2/7	12.31	12.27
Belgium 5 2004	0⅛	100⅜	100⅝	11/4	13⅛	13.06
B.F.C.E. 5¼ 99	0⅛	100⅜	100⅝	13/3	12.19	12.13
B.N.P. 5¼ 96 (July)	0¼	100	100¼	22/7	9⅛	9.11
Chase Man'tn 5¼ 2009	0⅛	100	100¼	8/3	9.56	9.55
Citicorp O/S 5¼ 96 Sep	0⅛	100⅛	100⅜	19/12	11.19	11.16
Credit Lyonnais 5¼ 98	0⅛	100⅝	100⅞	11/4	11¾	11.68
Dai-Ichi Kangyo 5¼ 96	0⅛	100⅜	100⅝	13/5	10.08	10.01
Dresdner Fin 5¼ 89	0	100	100¼	22/2	9.81	9.80
E.D.F. 5¼ 99	0⅛	100½	100¾	23/2	12⅜	12.30
Ireland 5¼ 89	0	100¼	100½	14/3	12⅜	12.33
Italy, Republic 5 94	0⅛	100	100¼	9/5	9.94	9.92
Lloyds Euro 5 2004	0⅛	100	100¼	18/4	11½	11.49
Midland Int Fin 5 99	0⅛	100¼	100½	6/3	12⅜	12.33
Mort Bk Denmark 5¼ 99+	0⅛	†100¼	100½	11/6	8.56	8.53
Nat West-Perp 5 89	0⅜	101	101¼	13/5	10⅜	10.28
Queensland Coal 5¼ 96	0¼	†100⅜	100⅝	9/5	10.06	10.01
Sweden Perp 5¼ 85	0¼	100¼	100½	9/7	9.44	9.40
Takugin 5¼ 94	0⅛	100½	100¾	16/3	12¼	12.17
Tokai 5¼ 99	0⅛	†100⅝	101⅛	12/6	9.94	9.85
Toyo 5¼ 99	0⅛	100⅜	100⅝	14/6	9.81	9.76

Average price change On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	93⅛	94⅛	−3⅛	−3.07
Fanuc 3¾ 98	1/84	7032.3	156¾	157¼	−4	31.82
Fujitsu 3 99	5/84	1320.9	85	86	−2⅞	14.30
Konishiroku Photo 4 98	10/83	673	88⅛	89⅛	−4¼	−1.31
Kumagai Gumi 3½ 2000	3/85	600	96⅜	97⅜	−3⅜	−4.43
Marui 3½ 99	7/84	1182	85⅞	86⅞	−3¼	−4.40
Mitsubishi Elec 2⅞ 00	3/85	422	90½	91¾	−1⅜	−5.49
Murata 3½ 99	2/84	2351.2	104⅝	105⅝	−0¼	19.01
Murata 3½ 2000	7/84	2386	102½	103½	−0⅝	19.80
Nippon Elec 2⅞ 2000	1/85	1295	82¼	83½	−2⅜	19.51
Nippon Oil Co 3¼ 99	3/84	1052	84⅛	85⅛	−3⅜	6.58
Oki Elec Ind 3½ 99	10/84	805	83½	84½	−1⅞	10.18
Orient Leasing 5¼ 98	6/83	2680	98½	99¾	−3⅞	−3.49
Sekisui House 3 99	6/84	612	86⅜	87⅜	−2½	−2.82
Sumitomo Corp 2⅞ 99	5/84	593	92	93	−1	−4.54
Taiyo Yuden 3¼ 2000	3/85	1078	92⅝	93⅞	−4⅞	−5.95
Takeda Riken 3⅜ 2000	10/84	7883	90	91¾	−0⅝	7.94
Tokyo Sanyo Elec 3½ 99	12/84	772	92½	93¾	−1¾	−8.19
Toshiba Ceramics 3 2000	4/85	1734.2	89¾	91	−0⅛	−6.16
Yamanouchi Pharm'cal 4 90	10/83	1483.2	232½	233½	−25	−24.83
Nippon Oil Co 2⅛ 92 SF	3/84	1052	†105	105¼	0	15.71
Nippon Shinpan Co 2 92 SF	3/84	601	†93	93½	−0⅝	28.50
Settsu Paper 2¼ 92 SF	4/84	677	†138	149	−11½	−6.74
Asics 5 92 DM	12/83	520	102½	103½	−0⅛	27.94
Sum Realty 6¼ 92 DM	2/83	365	194	195½	+0¼	8.19

* No information available–previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

CAPITAL MARKETS

EUROBONDS

Poor response to two new floaters worth $520m

BY MAGGIE URRY IN LONDON

THERE was action in the Eurodollar floating rate note market yesterday with two issues worth $530m launched, but traders said that both deals were tight and unprofitable to co-managers.

Ferrovie dello Stato, the Italian railway, launched a $420m 12-year issue, with the proceeds likely to be used to repay syndicated loans. The deal, guaranteed by Italy, pays interest either monthly at a rate of 10 basis points above one-month London interbank offered rate (Libor) or at 1/16 per cent over six-month Libor, payable semi-annually, if that rate is lower. Fees total 30 basis points, and Lehman Brothers is lead manager.

The monthly rate is higher than other recent Italian issues, but at times when the yield curve slopes downwards investors will suffer a lower interest rate. The issue traded around 99.75.

The other floater, for Saitama Bank for $100m, faced an even tougher response with some syndicate managers turning the deal down. The issue is the first for a Japanese bank for a year and so has some scarcity value, but it uses the "mis-match" concept for the interest fixing. This formula was popular when the yield curve was steeply positive recently, but the spread between one and six-month Libor has now narrowed from over a point to ¾ of a point.

The deal, which has a 9¾ year life, pays interest at 1/16 point below the six-month London interbank bid rate (Libid), refixed monthly but payable every six months. With Libid ⅛ point lower than Libor, the difference between the monthly Libor rate, at which investors may fund their holdings, and the bond's interest rate would be only 3/16 point, barely enough to cover the compounding cost of monthly borrowing.

The deal, led by Merrill Lynch, was trading within the 45 basis point total fees, but was bid at a discount greater than the co-managers' fees of 35 basis points.

In the fixed-rate market, Morgan Guaranty launched a $100m issue for Denmark. Although this borrower is noted for tight pricing of deals, the issue looks attractive, paying a 11½ per cent coupon for its five-year life. It traded comfortably inside the 1⅞ per cent fees to give a yield over U.S. Treasury bonds of around 65 basis points – a more generous spread then many recent corporate issues are giving.

The fixed-rate market picked up yesterday, with prices adding ¼ to ⅜ per cent, on hopes of good economic news from the U.S.

In the D-Mark bond market turnover improved and prices gained a similar amount, helped by the weaker dollar and the New York bond market.

Westdeutsche Landesbank has launched a DM 100m private placement for Belgium with a seven-year life and 7½ per cent coupon. The issue price was not disclosed.

A DM 50m seven-year deal was brought by Commerzbank for Industrial Development Corporation of South Africa. It has a 8¾ per cent coupon and par issue price, thought to be adequate terms for the borrower.

Deutsche Bank has withdrawn the planned DM 100m issue for Malaysia due to be launched tomorrow. Dealers felt that the borrower was unhappy with the likely coupon on the deal.

Swiss franc foreign bonds gained around ¼ point yesterday.

Kansai Electric Power's new issue, which had a 5⅞ per cent coupon, traded at 99½ compared to the par issue price showing that the below 6 per cent coupon was acceptable, while other interest rates in Switzerland are falling too.

Sweden's Y50bn Samurai issue was priced by Nomura Securities with a 7.3 per cent coupon and par issue price, slightly better terms than the EIB's issue last week. The issue matures in 10 years.

BHF Bank bond average		
April 16 101.737		Previous 101.637
High 102.860	1985	Low 99.840

BASE LENDING RATES

A.B.N. Bank	13¼%
Allied Irish Bank	12¾%
Henry Ansbacher	13 %
Amro Bank	13 %
Associates Cap. Corp.	14 %
Banco de Bilbao	12¾%
Bank Hapoalim	13 %
BCCI	13¼%
Bank of Ireland	13¼%
Bank of Cyprus	13 %
Bank of India	13¼%
Bank of Scotland	13 %
Banque Belge Ltd.	13 %
Barclays Bank	12¾%
Beneficial Trust Ltd.	14 %
Brit. Bank of Mid. East	13¼%
■ Brown Shipley	13 %
CL Bank Nederland	12¾%
Canada Perm'nt Trust	13¼%
Cayzer Ltd.	13¼%
Cedar Holdings	14 %
■ Charterhouse Japhet	13 %
Choulartons**	
Citibank NA	13 %
Citibank Savings	¶12¾%
Clydesdale Bank	13 %
C. E. Coates & Co. Ltd.	13¼%
Comm. Bk. N. East	13 %
Consolidated Credits	13¼%
Co-operative Bank	*13 %
The Cyprus Popular Bk.	13 %
Dunbar & Co. Ltd.	13 %
Duncan Lawrie	12¾%
E. T. Trust	13¼%
Exeter Trust Ltd.	13¼%
First Nat. Fin. Corp.	14¼%
First Nat. Secs. Ltd.	14 %
■ Robert Fleming & Co.	13 %
Robert Fraser & Ptns.	14 %
Grindlays Bank	‡13¼%
■ Guinness Mahon	13 %
■ Hambros Bank	13 %
Heritable & Gen. Trust	13 %
■ Hill Samuel	§13 %
C. Hoare & Co.	13 %
Hongkong & Shanghai	13¼%
Johnson Matthey Bkrs.	13¼%
Knowsley & Co. Ltd.	13¼%
Lloyds Bank	13 %
Edward Manson & Co.	14 %
Meghraj & Sons Ltd.	13¼%
Midland Bank	12¾%
■ Morgan Grenfell	13 %
Mount-Credit Corp. Ltd.	12¾%
National Bk. of Kuwait	13 %
National Girobank	13 %
National Westminster	13 %
Northern Bank Ltd.	13 %
Norwich Gen. Trust	12¾%
People's Trust	14 %
Provincial Trust Ltd.	14 %
R. Raphael & Sons	13¼%
P. S. Refson	13¼%
Roxburghe Guarantee	13¼%
Royal Bank of Scotland	13 %
Royal Trust Co. Canada	12¾%
■ J. Henry Schroder Wagg	13¼%
Standard Chartered	‖12¾%
TCB	13 %
Trustee Savings Bank	13 %
United Bank of Kuwait	13¼%
United Mizrahi Bank	13¼%
Westpac Banking Corp.	13 %
Whiteaway Laidlaw	13¼%
Williams & Glyn's	13 %
Wintrust Secs. Ltd.	13¼%
Yorkshire Bank	13 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1 month 10.75%. Fixed rate 12 months £2,500 10.75%, £10,000 12 months 11.00%.
‡ Call deposits £1,000 and over 10¼%.
‖ 21-day deposits over £1,000 10¼%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 10%.